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STATE OF MARYLAND

COMPREHENSIVE ANNUAL FINANCIAL REPORT

for the year ended June 30, 1985

PREPARED

by the State Comptroller's Office

Louis L. Goldstein

Comptroller of the Treasury of Maryland

STATE OF MARYLAND
COMPREHENSIVE ANNUAL FINANCIAL REPORT
TABLE OF CONTENTS

INTRODUCTORY SECTION	Page(s)
Selected State Officials	7
State Organization Chart	8
Certificate of Conformance	9
State Comptroller's Letter	11-16
FINANCIAL SECTION	
Report of independent certified public accountants	19
COMBINED FINANCIAL STATEMENTS AND SCHEDULES	
Combined balance sheet – All Fund Types and Account Groups	22-23
Combined statement of revenues, expenditures, other sources and uses of financial resources and changes in fund balances – All Governmental Fund Types and Expendable Trust Funds	24
Combined statement of revenues, expenditures and encumbrances, other sources and uses of financial resources and changes in fund balances – budget and actual – Budgetary General, Special and Federal Funds	25
Combined statement of revenues, expenses and changes in retained earnings/fund balances – Enterprise Funds, Nonexpendable Trust Fund and Pension Trust Fund	26
Combined statement of changes in financial position – Enterprise Funds, Nonexpendable Trust Fund and Pension Trust Fund	27
Balance sheet – Higher Education Fund	28
Statement of revenues, expenses, interfund transfers, operating transfers and changes in fund balances – Higher Education Fund	29
Notes to combined financial statements	30-54
COMBINING FINANCIAL STATEMENTS AND SCHEDULES	
Debt Service Funds:	
Combining balance sheet	57
Combining statement of revenues, expenditures, other sources and uses of financial resources and changes in fund balances	58
Enterprise Funds:	
Combining balance sheet	59
Combining statement of revenues, expenses and changes in retained earnings	60
Combining statement of changes in financial position	61

COMBINED FINANCIAL STATEMENTS AND SCHEDULES, continued

Page(s)

Fiduciary Fund Types:
- Combining balance sheet 62
- Combining statement of revenues, expenditures and changes in fund balances – expendable trust funds 63
- Combining statement of changes in assets and liabilities – all agency funds 64

Schedule of fixed assets and accumulated depreciation 65

Schedule of changes in general fixed assets by function 65

Schedules required by Article 19, Section 9 of the Annotated Code of Maryland:
- Schedule of estimated and actual revenues by source – budgetary basis 66
- Schedule of budget and actual expenditures and encumbrances by major function – budgetary basis 67
- Schedule of changes in fund equities – budgetary basis 68
- Schedule of funds transferred to political subdivisions 69
- Schedule of taxes receivable from collectors of state property taxes 70
- Schedule of estimated revenues – budgetary basis 71
- Schedule of general, special and federal fund appropriations – budgetary basis 72

STATISTICAL SECTION

Schedule of general government revenues by source, expenditures by function and other sources (uses) of financial resources and changes in fund balances – general, special revenue, debt service and capital projects funds – last ten fiscal years 75

Schedule of property tax levies and collections – last ten fiscal years 76

Schedule of assessed and estimated actual value of taxable property – last ten fiscal years 76

Schedule of property tax rates – all overlapping governments – last ten fiscal years 77

Schedule of ratio of general long-term debt to assessed value and general long-term debt per capita – last ten fiscal years 77

Schedule of ratio of annual debt service for general long-term debt to total general expenditures – last ten fiscal years 78

Schedule of revenue bond coverage – last seven fiscal years 78

Schedule of taxes pledged to consolidated transportation bonds and net revenues as defined for purposes of consolidated transportation bonds coverage tests – last nine fiscal years 79

Schedule of demographic statistics – last ten fiscal years 79

Schedule of property value and bank deposits – last ten fiscal years 80

Schedule of miscellaneous statistics 80

INTRODUCTORY SECTION

STATE OF MARYLAND
SELECTED STATE OFFICIALS

EXECUTIVE

Harry Hughes
Governor

J. Joseph Curran
Lieutenant Governor

Louis L. Goldstein
Comptroller

Stephen H. Sachs
Attorney General

William S. James
Treasurer

JUDICIAL

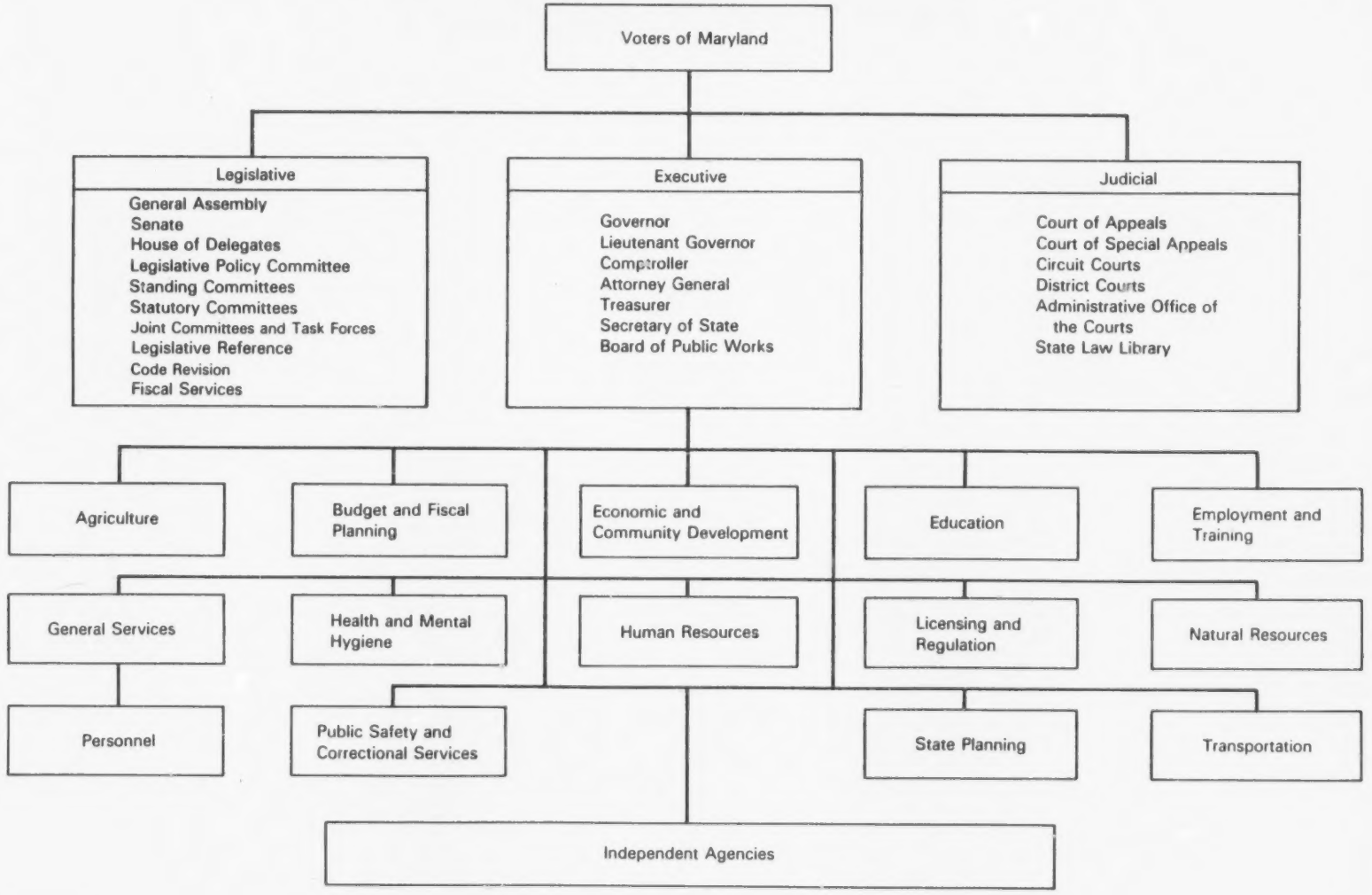
Robert C. Murphy
Chief Judge
Court of Appeals of Maryland

LEGISLATIVE

Melvin A. Steinberg
President of the Senate
(47 Senators)

Benjamin L. Cardin
Speaker of the House of Delegates
(141 Delegates)

ORGANIZATION CHART OF MARYLAND STATE GOVERNMENT



Reprinted from the Maryland Manual

Certificate of Conformance in Financial Reporting

Presented to

State of Maryland

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 1984

A Certificate of Conformance in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to governmental units and public employee retirement systems whose comprehensive annual financial reports (CAFR's) are judged to substantially conform to program standards.

GOVERNMENT FINANCE OFFICERS ASSOCIATION OF THE UNITED STATES AND CANADA CORPORATION S.E.A.L. CHICAGO

John T. Walsh
President

Jeffrey L. Esser
Executive Director

Louis L. Goldstein
Maryland State Comptroller

LOUIS L. GOLDSTEIN
COMPTROLLER OF THE TREASURY
LOUIS L. GOLDSTEIN TREASURY BUILDING
P.O. BOX 466
ANNAPOLIS, MARYLAND 21404-0466
269-3801

October 31, 1985

Honorable Members of the General
Assembly and the Governor
State of Maryland

The Comprehensive Annual Financial Report of the State of Maryland, for the fiscal year ended June 30, 1985, submitted herewith includes financial statements of the State of Maryland as well as information required by Article 19, Section 9 of the annotated code. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the Office of the Comptroller. I believe the data, as presented, is accurate in all material aspects; that it is presented in a manner designed to fairly set forth the financial position and results of operations of the State as measured by the financial activity of its various funds; and that all disclosures necessary to enable the reader to gain the maximum understanding of the State's financial affairs have been included.

Financial and Accounting Systems

The financial statements contained in this report have been prepared in accordance with generally accepted accounting principles and have been examined by Touche Ross & Co., whose report thereon is included in this report.

Maryland maintains its accounts to conform to generally accepted accounting principles and also to comply with the legally mandated budget. Financial control is generally exercised under the budgetary system. The State recognizes the difficulties and complexities involved in maintaining dual systems, and it has formed a task force to guide the conversion of budgetary practices into conformity with generally accepted accounting practices.

The timing differences in the general fund must be evaluated by the Executive and Legislative branches to determine the method of and timing for conversion to generally accepted accounting principles. Differences in fund structure are continuing to be analyzed by the task force to determine the appropriate approach to conversion.

The financial statements include the various departments, agencies and other organizational units governed by the General Assembly and/or constitutional officers of the State of Maryland. The following criteria was utilized to determine the entity for the State of Maryland: selection of governing authority, appointment of management, constitutional officers' ability to significantly influence operations and accountability for fiscal operations and scope of public service.

General Governmental Functions

Revenues of the general governmental functions (excluding capital projects) totaled $6,166,894,000 for the fiscal year ended June 30, 1985. This represents an increase of 9.3 percent over revenues for the fiscal year 1984. Income tax, the largest source of revenue, produced 31.9 percent of general governmental revenues compared to 32.0 percent last year. The revenues (amounts expressed in thousands) from various sources and the changes from last year are shown in the following tabulation:

Revenue Source	Amount	Percent of Total	Increase (Decrease) Over 1984 Actual Amount	Percent
Income taxes	$1,968,106	31.9%	$164,167	9.1%
Retail sales and use taxes	1,098,445	17.8	110,161	11.1
Motor vehicle taxes and fees	683,774	11.1	48,172	7.6
Other taxes	584,254	9.5	9,901	1.7
Other licenses and fees	77,497	1.2	7,110	10.1
Charges for services	266,453	4.3	37,293	16.3
Interest and other investment income	104,262	1.7	19,841	23.5
Other	134,298	2.2	23,170	20.8
Federal revenue	1,249,805	20.3	103,925	9.1
Total	$6,166,894	100.0%	$523,740	9.3%

Of the total income tax revenue for fiscal year 1985, $1,754,239,000 was produced by the individual income tax and $213,867,000 by the corporate income tax, representing increases of $125,750,000 and $38,417,000, respectively, compared to the prior year. The increase in individual income tax revenues of 7.7 percent over the prior year is attributable to population growth and a higher personal income level for the State's taxpayers. The increase in the corporate income tax revenues of 21.9 percent from the prior year is attributable to the improvement in the national economy.

The retail sales and use taxes increased $110,161,000 or 11.1 percent over the previous year which is also attributable to the improvement in the national economy.

Other licenses and fees increased $7,110,000 or 10.1 percent over 1984. This increase was primarily attributable to increases in revenues earned by the courts.

Revenues from charges for services increased $37,293,000 or 16.3 percent over 1984. This increase resulted primarily from passenger revenues from the first full year of operations for the Baltimore City subway.

Interest and other investment income increased $19,841,000 or 23.5 percent over the previous year which resulted from an increase in the amounts available for investment during the year.

Other revenues increased $23,170,000 or 20.8 percent over 1984. This increase resulted primarily from increases in reimbursements from subdivisions for health related expenditures.

Changes in levels of expenditures (amounts expressed in thousands) for major functions from the previous year (excluding capital projects) are shown in the following tabulation:

Function	Amount	Percent of Total	Increase (Decrease) Over 1984 Actual Amount	Percent
Current:				
General government	$ 233,441	4.0%	$ 34,118	17.1%
Education	1,422,008	24.1	438,405	44.6
Human resources	602,396	10.2	59,318	10.9
Health and mental hygiene	1,265,849	21.4	134,690	11.9
Transportation	414,230	7.0	34,063	9.0
Public safety and judicial	433,904	7.3	116,081	36.5
Economic and community development	27,172	.5	3,084	12.8
Natural resources and recreation	73,952	1.3	14,693	24.8
Agriculture	23,341	.4	2,691	13.0
Personnel and retirement	31,784	.5	(473,803)	(93.7)
Intergovernmental	442,518	7.5	28,412	6.9
Debt service	433,482	7.3	7,505	1.8
Capital outlays for transportation	500,259	8.5	102,909	25.9
Total	$5,904,336	100.0%	$502,166	9.3%

Expenditures for fringe benefit costs for state employees and certain employees of local public schools, which in the prior year were reported entirely as personnel and retirement expenditures were budgeted and charged in fiscal year 1985 to all of the "Current" expenditure categories. As a result, expenditures reported for personnel and retirement declined 93.7 percent from fiscal year 1984. After excluding the changes for fringe benefit costs, other types of current expenditures changed as follows:

- Expenditures for public safety and judicial increased $47,071,000 or 14.8 percent over 1984. This increase is primarily attributable to the expansion of the prison system.
- Expenditures for natural resources and recreation increased $6,197,000 or 10.5 percent over 1984. This increase is primarily attributable to expenses relating to the Chesapeake Bay cleanup program.

Expenditures for capital outlays for transportation increased $102,909,000 or 25.9 percent over the previous year which is primarily attributable to the construction of new highways.

Operating transfers in of $255,566,000 increased $36,750,000 over the preceding year, and operating transfers out of $393,540,000 decreased $12,061,000 from the preceding year. The operating transfers in increase of 16.8 percent over the amount for 1984 was attributable to the majority of the net proceeds from the state lottery's lotto game being transferred to the state's general fund in 1985 versus the net proceeds being entirely distributed to the state's political subdivisions in 1984.

The general fund unreserved fund deficit at June 30, 1985 was $64,621,000 compared to an unreserved fund deficit at June 30, 1984 of $122,674,000 resulting in a positive effect of $58,053,000 during the year. This improvement was primarily the result of revenues exceeding estimates and expenditures being less than appropriated.

Management of financial resources is exercised through the legally mandated budgetary system of the State. The budgetary system produced a positive general fund balance at June 30, 1985. For information on differences between GAAP and the budgetary system, see footnote 3 to the financial statements.

The special revenue unreserved fund balance of $193,263,000 increased $30,859,000 over the preceding year because of significant increases in motor vehicle taxes and fees revenues and in passenger revenues from the operation of the Baltimore City subway system. The debt service unreserved fund balance of $584,307,000 increased $56,818,000 from the prior year. This increase, which is consistent with prior years, is occurring to meet future debt service requirements.

Debt Administration

The ratio of net bonded debt to assessed property value and the amounts of bonded debt per capita are considered to be useful indicators of the State's debt position to State management, citizens and investors. Data for fiscal years 1984 and 1985 are shown as follows:

	Amount (expressed in thousands)	Ratio of Net Bonded Debt to Assessed Value (50.9% of Present Market)	Ratio of Debt to Present Market Value	Bonded Debt Per Capita
General obligation bonds:				
1984	$2,314,315	4.08%	2.13%	$531.54
1985	$2,231,295	3.67%	1.87%	$508.50

Additionally, outstanding limited obligation bonds of the Department of Transportation amounted to $796,260,000 at June 30, 1985. Debt service on these bonds is provided principally by excise taxes levied by statute. Self-supporting revenue bonds outstanding at June 30, 1985 were $1,347,176,000. Long-term obligations for accrued retirement costs of $560,322,000 represent the excess of retirement costs over retirement expenditures since 1978 and are being funded on a long-term basis through annual contributions, principally from general fund revenue. Long-term obligations for accrued annual leave of $64,517,000 represent the value of accumulated earned but unused annual leave for general government employees at June 30, 1985.

In 1978, the Capital Debt Affordability Committee was created to study the State's debt structure and to recommend maximum limitations on annual debt authorizations. Although the recommendations of the Committee are not binding on the State's General Assembly, the amounts of annual general obligation bond authorizations for 1985 were within the limits established by the Committee. During the 1985 regular legislative session, new general obligation bond authorizations amounted to $219,837,000. An additional $100,000,000 in emergency authorization was enacted by the General Assembly on May 17, 1985 in connection with the situation involving nonfederally insured savings and loan associations. However, at this time there appears to be no need to issue the amount authorized.

At the committee's latest meeting they urged the Governor and the General Assembly to:

- cancel nearly $50 million in state bonds which were authorized but never issued and reduce proposed authorization levels by an additional $50 million over the next five years,
- begin a long-term program to eliminate the need to sell general obligation bonds for the State's capital construction program, thereby reducing Maryland's general obligation debt,
- exercise more control over special authority debt and make the State's housing bond program more self-supporting, and
- authorize a maximum of $220 million in general obligation bonds to support the Fiscal Year 1986 Capital Budget.

The following tabulation shows the general obligation bonds issued during the past three fiscal years.

State of Maryland – General Obligation Bonds

Date of Issue	Amount	Average Life in Years	Effective Interest Rate	Interest Cost Per Borrowed Dollar
July 1, 1982	$140,495,000	10.4	11.10%	115.6¢
December 1, 1982	126,735,000	10.3	8.37	86.0
June 30, 1983	125,000,000	10.1	8.31	83.9
March 1, 1984	116,700,000	10.1	8.18	82.7
September 1, 1984	138,990,000	10.1	8.78	88.9

Since June 30, 1983 the State has redeemed more general obligation bonds than it has issued, resulting in a decline in general obligation bonds outstanding of $178,595,000.

Maryland's general obligation bonds have been rated Aaa by Moody's Investors Service and AAA by Standard and Poor's for a number of years.

Additionally, limited obligation bonds issued by the Department of Transportation and self-supporting revenue bonds issued by enterprise agencies amounted to $24,210,000 and $360,195,000, respectively, during 1985.

Cash Management

During the year, temporary surpluses of cash in general governmental funds were invested in repurchase agreements and U.S. Treasury and Agency obligations with maturities ranging from one to 181 days and in time deposits ranging from 180 to 365 days. For the fiscal year ended June 30, 1985 the State's cash resources for general governmental funds were invested as follows: in repurchase agreements, 42.0 percent; in United States Treasury and Agency obligation, 57.8 percent; and in certificates of deposits, 0.2 percent. The average yield on maturing investments during the year was 9.1 percent, as compared to 9.8 percent in the prior year, and the amount of investment income was $104,262,000, which was $19,841,000 more than the previous year.

Capital Projects Fund

Proceeds of general obligation bond issues are accounted for in the capital projects fund. Completed projects and uncompleted construction in progress at year end which are assets of the State are capitalized in the general fixed assets account group, the appropriate enterprise fund for self-supporting projects or the higher education fund. During fiscal year 1985, state projects costing $49,915,000, were completed. State grants for capital projects of local governments and other public organizations amounted to $83,105,000 in the fiscal year, a decrease of $16,544,000 from 1984.

Authorized but unissued general obligation bonds at June 30, 1985 totaled $831,343,000.

Enterprise, Fiduciary, and Higher Education Funds

All enterprise funds, with the exception of Maryland Deposit Insurance Fund Corporation, reported retained earnings for the year ended June 30, 1985. Maryland Environmental Service and Maryland State Lottery reported a decline in retained earnings during the year. Overall the decrease in retained earnings for enterprise funds during 1985 was $232,169,000 of which $305,986,000 was attributable to the acquisition of the Maryland Savings-Share Insurance Corporation (MSSIC). Excluding the acquisition of MSSIC, the retained earnings of the enterprise funds increased $73,817,000 as compared to an increase of $64,691,000 in 1984.

Fiduciary fund types include expendable and nonexpendable trust funds, pension trust fund, and agency funds. Agency funds are custodial in nature and do not report fund balances. All other fiduciary fund types reported fund balances of $5,002,017,000 at June 30, 1985, as compared to $4,237,786,000 at June 30, 1984.

The total fund balance for the higher education fund was $1,127,520,000 at June 30, 1985, as compared to $1,134,565,000 at June 30, 1984.

General Fixed Assets

The general fixed assets of the State are those used in the performance of general governmental functions and exclude the fixed assets of the proprietary fund type, fiduciary fund types and the higher education fund. As of June 30, 1985, the general fixed assets of the State amounted to $2,942,715,000. This amount represents the actual or estimated cost of the assets. Depreciation of general fixed assets is not recognized in the State's accounting system. Infrastructure assets, consisting principally of highways, roads and bridges are not recorded in the general fixed assets.

Audits

The statutes of the State require an audit of every unit of the Executive and Judicial branches of government, including the Comptroller of the Treasury's records, by the Legislative Auditor at least every two years. The Legislative Auditor is required to be and is a certified public accountant. The Legislative Auditor makes fiscal, compliance and performance audits of the various agencies and departments of the State and issues a separate report covering each of those audits. Although certain of those reports include presentations of detailed financial data and contain expressions of opinion thereon, the audits are usually not made for that purpose. The primary purpose of the reports is to present the Legislative Auditor's findings relative to the fiscal management of those agencies and departments.

Additionally, my office requires an examination of the State's combined financial statements by a firm of independent certified public accountants selected by an audit committee composed of members from the Executive and Legislative branches of State government. This requirement has been complied with, and the auditor's opinion has been included in this report.

Certificate of Conformance

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Conformance in Financial Reporting to the State of Maryland for its comprehensive annual financial report for the fiscal year ended June 30, 1984.

In order to be awarded a Certificate of Conformance, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Conformance is valid for a period of one year only. We believe our current comprehensive annual financial report continues to conform to Certificate of Conformance Program requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

Outlook

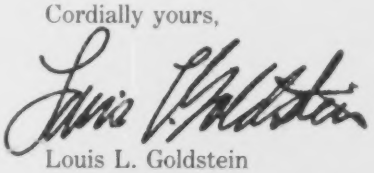
Economic expansion is expected to continue throughout 1985 and 1986, thus indicating favorable revenue prospects for the 1986 fiscal year. Rising employment and income within the State should ensure that general fund revenues will grow at a rate similar to that experienced during the 1985 fiscal year.

General fund revenues will be reduced during fiscal year 1986 by legislated reductions in the taxes and fees levied upon the various horse racing tracks. It is expected that this reduction will be more than offset by additional general fund revenues produced by an improving economy.

Some major nonfederally insured savings and loan associations in Maryland faced financial difficulty during the past year. In response to these problems, Maryland is considering a number of approaches to protect the interest of holders of deposits in these associations.

I will be pleased to furnish additional information on the State's finances upon request.

Cordially yours,



Louis L. Goldstein
Comptroller of the Treasury
of Maryland

FINANCIAL SECTION

Touche Ross & Co.

The Honorable Louis L. Goldstein
Comptroller of the Treasury of Maryland

We have examined the combined financial statements of the State of Maryland as of and for the year ended June 30, 1985, as listed in the Table of Contents. Our examination was made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances. We did not examine the financial statements of the loan insurance programs and two loan programs of the Maryland Department of Economic and Community Development, Maryland Food Center Authority, Maryland Transportation Authority, Maryland State Lottery, and Maryland Higher Education Loan Corporation, which statements reflect total assets, revenues and expenses constituting 83 percent, 96 percent and 94 percent, respectively, of the related combined totals for Enterprise Funds. These statements were examined by other auditors whose reports thereon have been furnished to us, and our opinion expressed herein, insofar as it relates to the amounts included for the above mentioned units, is based only upon the reports of other auditors.

As discussed more fully in Note 14 to the financial statements, during the first half of calendar year 1985, several State-chartered savings and loan associations, whose deposits were privately-insured by the Maryland Savings-Share Insurance Corporation (MSSIC), experienced unusually heavy withdrawals of funds by depositors. This situation resulted in the enactment of emergency legislation on May 17, 1985, creating the State of Maryland Deposit Insurance Fund Corporation (MDIFC), an agency of the State, which, as successor to the assets and obligations of MSSIC, now insures member associations' savings deposits. MDIFC is a party to several lawsuits, including one by a former MSSIC member savings and loan association seeking the return of its capital deposits and capital notes; this suit, if successful, would seriously deplete MDIFC's resources for paying insured losses of depositors. At June 30, 1985, the financial statements of MDIFC reflect a deficiency in assets of $159,703,000, after accrual for estimated losses on insured savings deposits of $325,100,000. Any State funding of actual losses on insured deposits in excess of MDIFC's resources is dependent upon future legislative action. As a result, the ultimate outcome of the savings and loan situation cannot be determined at this time. We have examined the financial statements of MDIFC as of June 30, 1985 (not separately presented herein but included in the combined Proprietary Fund Type financial statements) and in our report dated October 11, 1985, we expressed an opinion subject to the effects of such adjustments, if any, as might have been required had the outcome of the uncertainties discussed in the preceding sentences been known.

In our opinion, based upon our examination and the reports of other auditors, the combined financial statements referred to above present fairly the financial position of the State of Maryland as of June 30, 1985, and the results of its operations and the changes in financial position of its Enterprise Funds, Nonexpendable Trust Fund and Pension Trust Fund for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Our examination was made for the purpose of forming an opinion on the combined financial statements taken as a whole. The combining financial statements and schedules listed in the Table of Contents are presented for purposes of additional analysis and to meet legal reporting requirements and are not a required part of the combined financial statements of the State of Maryland. Except for the Schedules of Estimated Revenues and General, Special and Federal Fund Appropriations-Budgetary Basis for the year ending June 30, 1986 (pages 71 and 72), the information has been subjected to the auditing procedures applied in the examination of the combined financial statements and, in our opinion, is fairly stated in all material respects in relation to the combined financial statements taken as a whole.

The other data included in this report have not been audited by us and, accordingly, we express no opinion on such data.

Touche Ross & Co.

Baltimore, Maryland
October 31, 1985

Certified Public Accountants

COMBINED FINANCIAL STATEMENTS AND SCHEDULES

STATE OF MARYLAND

Combined Balance Sheet

All Fund Types and Account Groups

June 30, 1985

(Expressed in Thousands)

	Governmental Fund Types				Proprietary Fund Type	Fiduciary Fund Types	Account Groups			
	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Trust and Agency	General Fixed Assets	General Long-Term Debt	Higher Education	Total (Memorandum Only)
Assets:										
Cash and short-term investments		$ 92,012	$ 24,191	$109,993	$ 468,664	$ 161,863			$ 56,611	$ 913,334
Investments	$ 40,060	140,557	493,086		570,709	4,780,882			93,143	6,118,437
Amount on deposit with U.S. Treasury						324,591				324,591
Taxes receivable, net	298,134	37,790	5,332			91,614				432,870
Intergovernmental receivables	105,962	87,982			4,775				19,685	218,404
Tuition, net									11,365	11,365
Other accounts receivable	17,970	14,013			9,199	25,504			3	66,689
Due from other funds	9,599					171,760				181,359
Inventories					2,849	75			15,772	18,696
Loans and notes receivable, net	471		75,454	10,070	896,782				26,754	1,009,531
Loans to other funds	2,000		11,094							13,094
Property, plant and equipment, net					761,647	1,281	$2,942,715		1,164,977	4,870,620
Restricted assets					183,587					183,587
Other assets	240				44,483				2,383	47,106
Amounts available in debt service fund for retirement of:										
General obligation bonds								$ 89,923		89,923
Transportation bonds								494,384		494,384
Amounts to be provided for:										
Retirement of general obligation bonds								2,141,372		2,141,372
Retirement of transportation bonds								301,876		301,876
Retirement of accrued retirement costs								560,322		560,322
Retirement of accrued annual leave								64,517		64,517
Total assets, amounts available and amounts to be provided for retirement of bonds and accrued retirement costs and annual leave	$474,436	$372,354	$609,157	$120,063	$2,942,695	$5,557,570	$2,942,715	$3,652,394	$1,390,693	$18,062,077
Liabilities:										
Deficiency in cash and short-term investments	$ 16,280									$ 16,280
Accounts payable and accrued liabilities	212,825	$128,268		$ 20,009	$ 44,302	$ 114,511			$ 51,656	571,571
Due to other funds	171,760	4,207			856	4,536				181,359
Accounts payable to political subdivisions and local income tax refunds	47,795	42,612				281,720				372,127
Lottery prizes					58,794					58,794
Accrued insurance and loan losses					330,960	139,200				470,160
Accrued annual leave								$ 64,517		64,517
Other liabilities					32,863	5,305				38,168

Deferred revenue	25,593				22,523	10,281			16,252	74,649
Loans from other funds					13,094					13,094
Capital notes					88,862					88,862
Notes payable					37,231					37,231
Matured bonds and interest coupons payable			$ 2,020							2,020
Liabilities payable from restricted assets					8,755					8,755
Deferred federal income taxes					25,282					25,282
Accrued retirement costs								560,322	83,777	644,099
General obligation bonds payable								2,231,295		2,231,295
Transportation bonds payable								796,260		796,260
Revenue bonds and other notes payable					1,275,681				71,495	1,347,176
Obligations under capital leases									39,993	39,993
Total liabilities	474,253	175,087	2,020	20,009	1,939,203	555,553		3,652,394	263,173	7,081,692
Commitments and contingencies (Notes 14 16, and 17)										
Fund equity:										
Investment in fixed assets							$2,942,715		1,115,905	4,058,620
Contributed capital					208,807					208,807
Capital deposits by members					144,224					144,224
Retained earnings:										
Reserved					178,469					178,469
Unreserved					471,992					471,992
Fund balances:										
Reserved for:										
Encumbrances	62,414	4,004		289,023						355,441
Loans and notes receivable	390		22,830							23,220
Loans to other funds	2,000									2,000
Shore erosion loan program				10,070						10,070
Pension benefits						4,350,115				4,350,115
Workers' compensation benefits						42,763				42,763
Unemployment compensation benefits						411,770				411,770
Unrealized market appreciation on investments						9,456				9,456
Higher education programs									29,437	29,437
Endowment and similar funds									27,943	27,943
Unreserved:										
Designated for:										
General long-term debt service			89,923							89,923
Transportation debt service			494,384							494,384
Deferred compensation benefits						187,913				187,913
Agency activities	76,909									76,909
Undesignated (deficit)	(141,530)	193,263		(199,039)					(45,765)	(193,071)
Total fund equity	183	197,267	607,137	100,054	1,003,492	5,002,017	2,942,715		1,127,520	10,980,385
Total liabilities and fund equity	$474,436	$372,354	$609,157	$120,063	$2,942,695	$5,557,570	$2,942,715	$3,652,394	$1,390,693	$18,062,077

The accompanying notes to combined financial statements are an integral part of these financial statements.

STATE OF MARYLAND

Combined Statement of Revenues, Expenditures, Other Sources and Uses of Financial Resources and Changes in Fund Balances

All Governmental Fund Types and Expendable Trust Funds

for the year ended June 30, 1985

(Expressed in Thousands)

	Governmental Fund Types				Fiduciary Fund Types	
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	Total (Memorandum Only)
Revenues:						
Income taxes	$1,968,106					$1,968,106
Retail sales and use taxes	1,098,445					1,098,445
Motor vehicle taxes and fees		$ 683,774				683,774
Other taxes	482,451		$101,803		$348,486	932,740
Other licenses and fees	77,497					77,497
Charges for services	108,064	158,389				266,453
Interest and other investment income	45,562	14,564	44,136		19,899	124,161
Contributions					21,156	21,156
Other	126,380	6,372	1,546			134,298
Federal revenue	960,199	289,606		$ 3,195	30,397	1,283,397
Total revenues	4,866,704	1,152,705	147,485	3,195	419,938	6,590,027
Expenditures:						
Current:						
General government	233,441					233,441
Education	1,422,008					1,422,008
Employment and training					217,822	217,822
Human resources	602,396					602,396
Health and mental hygiene	1,265,849					1,265,849
Transportation		414,230				414,230
Public safety and judicial	433,904					433,904
Economic and community development	27,172					27,172
Natural resources and recreation	73,952					73,952
Agriculture	23,341					23,341
Personnel and retirement	31,784				11,038	42,822
Intergovernmental	238,520	203,998		83,105		525,623
Debt service:						
Principal retirement			226,445			226,445
Interest			207,037			207,037
Capital outlays		500,259		72,794		573,053
Total expenditures	4,352,367	1,118,487	433,482	155,899	228,860	6,289,095
Excess (deficiency) of revenues over expenditures	514,337	34,218	(285,997)	(152,704)	191,078	300,932
Other sources (uses) of financial resources:						
Proceeds from bonds		24,210		138,990		163,200
Operating transfers in	264,197	74,675	346,325	23,330		708,527
Operating transfers out	(713,583)	(104,841)	(4,748)	(16,231)		(839,403)
Net other sources (uses) of financial resources	(449,386)	(5,956)	341,577	146,089		32,324
Excess (deficiency) of revenues over expenditures and net other sources (uses) of financial resources	64,951	28,262	55,580	(6,615)	191,078	333,256
Fund balances (deficit), July 1, 1984	(64,768)	169,005	551,557	106,669	408,605	1,171,068
Fund balances, June 30, 1985	$ 183	$ 197,267	$607,137	$100,054	$599,683	$1,504,324

The accompanying notes to combined financial statements are an integral part of these financial statements.

STATE OF MARYLAND

Combined Statement of Revenues, Expenditures and Encumbrances
Other Sources and Uses of Financial Resources,
and Changes in Fund Balances—Budget and Actual—
Budgetary General, Special, and Federal Funds (Note 3)
for the year ended June 30, 1985

(Expressed in Thousands)

	Budgetary Funds								
	General Fund			Special Fund			Federal Fund		
	Final Budget	Actual	Variance Favorable (Unfavorable)	Final Budget	Actual	Variance Favorable (Unfavorable)	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:									
Income taxes	$1,905,742	$1,909,318	$ 3,576	$ 95,985	$ 72,802	$(23,183)			
Retail sales and use taxes	1,097,733	1,098,445	712						
Other taxes	330,695	316,871	(13,824)	694,549	719,470	24,921			
Licenses and fees	45,258	45,853	595	111,133	125,381	14,248			
Charges for services	50,541	48,863	(1,678)	566,754	509,010	(57,744)			
Interest and other investment income	39,385	43,524	4,139	18,968	17,852	(1,116)			
Other	259,803	268,352	8,549	342,760	284,296	(58,464)	$ 103,966	$ 91,817	$ (12,149)
Federal revenue	41,400	38,569	(2,831)		7,648	7,648	1,462,579	1,373,893	(88,686)
Total revenues	3,770,557	3,769,795	(762)	1,830,149	1,736,459	(93,690)	1,566,545	1,465,710	(100,835)
Expenditures and encumbrances by major function:									
Payments of revenue to civil divisions of the State	126,850	126,846	4	54,781	54,432	349			
Public debt	98,000	98,000		282,088	282,088				
Legislative	24,228	23,854	374	132	52	80			
Judicial	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	813	692	121
Executive and administrative control	29,941	29,604	337	1,496	713	783	20,058	18,183	1,875
Financial and revenue administration	108,841	104,147	4,694	31,764	31,105	659			
Budgetary and fiscal administration	4,494	4,406	88	409	234	175			
Personnel administration, retirement, and employee relations	32,297	31,976	321	14,519	12,037	2,482			
State planning	4,096	4,096		819	798	21	475	243	232
General services	26,371	26,369	2				530	438	92
Transportation and highways				908,370	865,012	43,358	468,972	413,914	55,058
Natural resources and recreation	41,108	40,902	206	61,402	54,770	6,632	15,451	11,651	3,800
Agriculture	12,749	12,168	581	10,830	10,493	337	2,238	2,098	140
Health, hospitals, and mental hygiene	905,137	904,169	968	30,547	29,185	1,362	363,357	361,419	1,938
Human resources	247,552	241,806	5,746	8,182	5,621	2,561	285,195	278,065	7,130
Licensing and regulation	18,223	18,123	100	2,400	2,192	208	2,628	2,476	152
Public safety and correctional services	264,220	264,206	14	36,260	31,148	5,112	1,485	1,330	155
Public education	1,745,848	1,740,645	5,203	362,832	351,230	11,602	300,413	289,214	11,199
Economic and community development	18,671	18,660	11	22,348	14,777	7,571	19,890	15,457	4,433
Employment and training	3,362	3,281	81	22	22		85,040	75,850	9,190
Reversions:									
Current year reversions	(10,000)		(10,000)						
Prior year reversions		(2,448)	2,448		(2,452)	2,452		(5,177)	5,177
Total expenditures and encumbrances	3,790,091	3,778,270	11,821	1,830,149	1,744,349	85,800	1,566,545	1,465,853	100,692
Changes in encumbrances during fiscal year 1985		1,467	(1,467)		(3,567)	3,567		(802)	802
Total expenditures	3,790,091	3,779,737	10,354	1,830,149	1,740,782	89,367	1,566,545	1,465,051	101,494
Excess (deficiency) of revenues over expenditures	(19,534)	(9,942)	9,592		(4,323)	(4,323)		659	659
Other sources (uses) of financial resources:									
Operating transfers in (out)	12,000	37,963	25,963		40,955	40,955		(659)	(659)
Excess (deficiency) of revenues over expenditures and other sources (uses) of financial resources	(7,534)	28,021	35,555		36,632	36,632			
Fund balances, July 1, 1984	41,265	41,265		398,631	398,631				
Acquisition of the Maryland Savings-Share Insurance Corporation (Note 3)					65,712	65,712			
Fund balances, June 30, 1985	$ 33,731	$ 69,286	$ 35,555	$ 398,631	$ 500,975	$102,344	$ -0-	$ -0-	$ -0-

The accompanying notes to combined financial statements are an integral part of these financial statements.

STATE OF MARYLAND

Combined Statement of Revenues, Expenses and Changes in Retained Earnings/Fund Balances Enterprise Funds, Nonexpendable Trust Fund and Pension Trust Fund for the year ended June 30, 1985

(Expressed in Thousands)

	Proprietary Fund Type	Fiduciary Fund Types		Total (Memorandum Only)
	Enterprise	Nonexpendable Trust Fund	Pension Trust Fund	
Operating revenues:				
Lottery ticket sales	$681,068			$ 681,068
Charges for services and sales	107,703	$44,561		152,264
Contributions			$ 569,976	569,976
Interest and other investment income	157,105	20,755	426,482	604,342
Other	13,496	6		13,502
Total operating revenues	959,372	65,322	996,458	2,021,152
Operating expenses:				
Prizes and claims	367,228	60,195		427,423
Commissions and bonuses	27,375			27,375
Cost of sales and services	21,495			21,495
Operation and maintenance of facilities	66,164			66,164
General and administrative	44,192	5,370	7,604	57,166
Interest	109,530			109,530
Depreciation and amortization	6,896	95		6,991
Benefit payments and refunds			430,774	430,774
Provision for insurance and loan losses	2,474			2,474
Payments to subdivisions, net	13,560			13,560
Other	1,570			1,570
Total operating expenses	660,484	65,660	438,378	1,164,522
Operating income (loss) before operating grants and transfers	298,888	(338)	558,080	856,630
Non-operating revenues – operating grants	25,090			25,090
Operating transfers in	947			947
Operating transfers out	(252,517)			(252,517)
Net income (loss)	72,408	(338)	558,080	630,150
Add: Depreciation of cost of assets acquired from contributed capital	1,409			1,409
Less: Acquisition of Maryland Savings-Share Insurance Corporation (Note 14)	(305,986)			(305,986)
Increase (decrease) in retained earnings/fund balance	(232,169)	(338)	558,080	325,573
Retained earnings/fund balance, July 1, 1984	882,630	37,146	3,792,035	4,711,811
Increase in unrealized market appreciation of investments		15,411		15,411
Retained earnings/fund balance, June 30, 1985	$650,461	$52,219	$4,350,115	$5,052,795

The accompanying notes to combined financial statements are an integral part of these financial statements.

STATE OF MARYLAND

Combined Statement of Changes in Financial Position

Enterprise Funds, Nonexpendable Trust Fund and Pension Trust Fund

for the year ended June 30, 1985

(Expressed in Thousands)

	Proprietary Fund Type	Fiduciary Fund Types		Total (Memorandum Only)
	Enterprise	Nonexpendable Trust Fund	Pension Trust Fund	
Sources of financial resources:				
Operations:				
Net income (loss)	$ 72,408	$ (338)	$558,080	$ 630,150
Expenses not requiring current outlay of financial resources:				
Depreciation and amortization	6,896	95		6,991
Other	4			4
Total sources (uses) of financial resources from operations	79,308	(243)	558,080	637,145
Increase in accounts payable and accrued liabilities	16,135	376	2,311	18,822
Increase in due to other funds	856			856
Increase in accrued insurance and loan losses	1,675	22,100		23,775
Increase in lottery prizes	31,933			31,933
Issuance of revenue bonds	360,195			360,195
Increase in current liabilities payable from restricted assets	3,525			3,525
Contributed capital	24,705			24,705
Total sources of financial resources	518,332	22,233	560,391	1,100,956
Uses of financial resources:				
Increase in investments	123,079	40,743	578,308	742,130
Increase (decrease) in other accounts, loans, and notes receivable	188,185	1,268	(17,917)	171,536
Increase in inventories	903	17		920
Decrease in loans from other funds	2,778			2,778
Acquisition of fixed assets	20,514	236		20,750
Increase in restricted assets	28,522			28,522
Repayment of notes payable	37,694			37,694
Retirement of revenue bonds	38,921			38,921
Other, net	272	(2,180)		(1,908)
Total uses of financial resources	440,868	40,084	560,391	1,041,343
Net increase (decrease) in unrestricted cash and short-term investments	$ 77,464	$(17,851)	$ -0-	$ 59,613

The accompanying notes to combined financial statements are an integral part of these financial statements.

STATE OF MARYLAND

Balance Sheet

Higher Education Fund

June 30, 1985

(Expressed in Thousands)

	Current Funds				Endowment and Similar Funds	Total
	Unrestricted	Restricted	Loan Funds	Plant Funds		
Assets:						
Cash and short-term investments	$ 73,959	$(13,458)	$ 1,729	$ (5,660)	$ 41	$ 56,611
Investments	369	3		63,112	29,659	93,143
Intergovernmental receivables		19,685				19,685
Tuition, net of allowance of $4,587	11,365					11,365
Other accounts receivable			3			3
Inventories	15,772					15,772
Loans and notes receivable, net of allowance of $8,292			26,754			26,754
Property, plant and equipment, net				1,164,977		1,164,977
Interfund balances	(6,259)	(722)	(85)	7,066		
Other assets	1,997			386		2,383
Total assets	$ 97,203	$5,508	$28,401	$1,229,881	$29,700	$1,390,693
Liabilities:						
Accounts payable and accrued liabilities	$ 43,725	$ 3,686		$ 2,488	$ 1,757	$ 51,656
Deferred revenue	15,466	786				16,252
Accrued retirement costs	83,777					83,777
Revenue bonds and other notes payable				71,495		71,495
Obligations under capital leases				39,993		39,993
Total liabilities	142,968	4,472		113,976	1,757	263,173
Commitments and contingencies (Notes 16 and 17)						
Fund balances:						
Investment in fixed assets				1,115,905		1,115,905
Reserved for:						
Sponsored research		1,036				1,036
Loans to students			$28,401			28,401
Endowment and similar funds					27,943	27,943
Unreserved, undesignated (deficit)	(45,765)					(45,765)
Total fund balances (deficit)	(45,765)	1,036	28,401	1,115,905	27,943	1,127,520
Total liabilities and fund balances	$ 97,203	$ 5,508	$28,401	$1,229,881	$29,700	$1,390,693

The accompanying notes to combined financial statements are an integral part of these financial statements.

STATE OF MARYLAND

Statement of Revenues, Expenses, Interfund Transfers, Operating Transfers and Changes in Fund Balances

Higher Education Fund

for the year ended June 30, 1985

(Expressed in Thousands)

	Current Fund				Endowment and Similar	
	Unrestricted	Restricted	Loan Funds	Plant Funds	Funds	Total
Revenues and other additions:						
Student tuition and fees	$182,206			$ 2,435		$ 184,641
Federal grants and contracts	14,630	$ 98,169	$ 1,309	154		114,262
State and local grants and contracts	11,097	13,546				24,643
Private gifts, grants, and contracts	1,212	18,079	20	657	$ 443	20,411
Sales and services	122,307					122,307
Investment income	1,668	856	31	2,412	689	5,656
Realized gains on endowment investments					2,456	2,456
Gain on disposition of property				3,475		3,475
Interest on loans receivable			965			965
Patient service revenue	2,844					2,844
Other	3,130	12	742	6,412		10,296
Total revenues	339,094	130,662	3,067	15,545	3,588	491,956
Expenses and other deductions:						
Educational and general:						
Instruction	274,309	10,502				284,811
Research	22,269	66,334				88,603
Public service	16,615	7,782				24,397
Academic support	44,306	489				44,795
Student services	38,095	1,647	297			40,039
Institutional support	76,128	630		622		77,380
Scholarships and fellowships	8,622	29,723	4			38,349
Operation and maintenance of plant	71,907	49				71,956
Auxiliary enterprises	87,999	155				88,154
Hospital	23,416	3,113				26,529
Noncapitalized expenditures for plant facilities				8,201		8,201
Loan cancellations, write-offs and refunds	25		771	6		802
Disposal of property, plant, and equipment				12,970		12,970
Interest on indebtedness			1	5,567		5,568
Other		306		114	158	578
Total expenses and other deductions	663,691	120,730	1,073	27,480	158	813,132
Higher education interfund transfers – in (out):						
Mandatory:						
Principal and interest on revenue bonds	(6,640)	(63)		6,703		
Loan fund matching grant	(165)		165			
Debt service on capital leases	(6,871)			6,871		
Nonmandatory:						
Remodeling, renewals, and replacements	(30,545)	(9,924)		40,469		
Other	(218)	197	(34)	16	39	
Pooled construction fund	4,084			(4,084)		
Total Higher Education interfund transfers	(40,355)	(9,790)	131	49,975	39	
Operating transfer from State's general and capital projects funds	369,263			13,183		382,446
Net increase (decrease) in fund balances	4,311	142	2,125	51,223	3,469	61,270
Fund balances (deficit), July 1, 1984	(50,076)	894	26,276	1,064,682	24,474	1,066,250
Fund balances (deficit), June 30, 1985	$(45,765)	$ 1,036	$28,401	$1,115,905	$27,943	$1,127,520

The accompanying notes to combined financial statements are an integral part of these financial statements.

1. Financial Statements and Descriptions of Funds and Account Groups:

A. *Financial Statements:*

The accompanying financial statements of the State of Maryland present the financial position of the various fund types and account groups, the results of operations of the various fund types, and the changes in financial position of the enterprise funds, nonexpendable trust fund and pension trust fund.

The financial statements include the various departments, agencies and other organizational units governed by the General Assembly and/or constitutional officers of the State of Maryland. The following criteria, as defined by the Governmental Accounting Standards Board, were utilized to determine the entity for the State of Maryland: selection of governing authority, appointment of management, constitutional officers' ability to significantly influence operations, accountability for fiscal operations and scope of public service.

The Maryland Deposit Insurance Fund Corporation (see Note 14) was created on May 18, 1985 and is included in the accompanying financial statements as of June 30, 1985 and for the period from May 18 to June 30, 1985. Effective July 1, 1984, the University of Maryland Medical System Corporation became an independent, self-governing unit and is no longer a component of the University of Maryland. The fund balances (deficit) as of July 1, 1984 pertaining to the University Hospital are no longer included in the Higher Education Fund and the beginning fund balances (deficit) have been restated.

B. *Fund Accounting:*

The financial activities are recorded in individual funds classified by type and described below. The financial position and operations of each fund are accounted for in separate self-balancing accounts which represent the fund's assets, liabilities, equity, revenues and expenditures or expenses.

GOVERNMENTAL FUND TYPES

General Fund:

Transactions related to resources obtained and used for those services traditionally provided by a state government, which are not accounted for in other funds, are accounted for in the general fund. The services include, among other things, general government, public safety and judicial, health and mental hygiene, human resources, licensing and regulation, and education (other than higher education institutions). Resources obtained from federal grants and used for activities accounted for in the general fund consistent with applicable legal requirements are recorded in the general fund.

Special Revenue Fund:

Transactions related to resources obtained, the uses of which are restricted to specific purposes, are accounted for in the special revenue fund. The special revenue fund includes resources used for operations (other than debt service) of the Maryland Department of Transportation Trust Fund, including construction or improvement of transportation facilities and mass transit operations.

Debt Service Funds:

Transactions related to resources obtained and used for the payment of interest and principal on general long-term debt obligations and transportation debt (other than Maryland Transportation Authority revenue bonds) are accounted for in debt service funds.

Capital Projects Fund:

Transactions related to resources obtained and used for the acquisition, construction or improvement of

certain capital facilities, including those provided to political subdivisions and other public organizations are accounted for in the capital projects fund. Such resources are derived principally from proceeds of general obligation bond issues, federal grants and operating transfers from the State's general fund.

The State enters into long-term contracts for construction of major capital projects and records the commitments as encumbrances. The State pays the cost of capital projects principally from resources obtained from general obligation bond proceeds, operating transfers from the general fund and federal grants. These resources are received, in many cases, after the long-term contracts are executed and recorded as encumbrances. Accordingly, the undesignated fund balance of the capital projects fund reflects a deficit. This deficit will be funded by future bond proceeds and capital appropriations from the general fund (see Note 8).

PROPRIETARY FUND TYPE

Enterprise Funds:

The enterprise funds include:

1. Economic Development:

   Direct loan and loan insurance programs of the Maryland Department of Economic and Community Development.

2. Maryland Food Center Authority, which owns and operates warehouse facilities for use by wholesale food distributors.

3. Maryland Transportation Authority, which constructs, maintains and operates transportation toll facilities.

4. Maryland State Lottery, which operates the State Lottery.

5. Maryland Environmental Service, which constructs, maintains and operates water supply and liquid and solid waste disposal facilities.

6. State Use Industries, which utilizes inmate labor from State correctional institutions to manufacture goods, wares and merchandise to be sold to State agencies, political subdivisions and charitable, civic, educational, fraternal or religious associations or institutions.

7. Maryland Higher Education Loan Corporation, which assists resident students in meeting costs of attending approved institutions by guaranteeing loans made by commercial lenders.

8. Maryland Deposit Insurance Fund Corporation, which insures the deposits of member state-chartered savings and loan associations.

FIDUCIARY FUND TYPES

Transactions related to assets held by the State in a trustee or agency capacity are accounted for in fiduciary fund types. Fiduciary fund types are comprised of:

1. Expendable Trust Funds:
   a. Deferred Compensation Plan:

      This fund accounts for the amounts withheld from employees and invested in the plan as the employee has directed. The net assets of this fund aggregating $187,913,000 are available to the general creditors of the State.

   b. Employment Security Administration:

      This fund accounts for the unemployment taxes collected from employers, federal revenue received and remittance of benefits to the unemployed.

2. The nonexpendable trust fund reflects the transactions, assets, liabilities and fund equity of the State Accident Fund. The fund was established to provide workers' compensation insurance for participating employers in the State, including the State of Maryland.

3. The pension trust fund reflects the transactions, assets, liabilities and fund equities of the State administered retirement and pension systems.

4. Agency funds account for the receipt and disbursement of various taxes and federal grant proceeds collected by the State for distribution to the Federal government, political subdivisions and patient and prisoner accounts.

ACCOUNT GROUPS

General Fixed Assets Account Group:

General fixed assets acquired or constructed for use by the State in the conduct of its activities, other than activities accounted for in the proprietary fund type, the nonexpendable trust fund and higher education fund, are reflected in the general fixed assets account group at the time of acquisition. As of June 30, 1980, the State established and recorded in the general fixed assets account group the estimated cost of general fixed assets based on available historical cost records. Activity subsequent to June 30, 1980, is recorded at cost. Donated fixed assets are recorded at their fair market value at the time donated. Infrastructure assets, consisting principally of highways, roads and bridges are not recorded in the general fixed assets account group.

General Long-Term Debt Account Group:

Unmatured long-term general obligation and transportation bonds payable, accrued leave and retirement costs related to general governmental activities are reflected in the general long-term debt account group.

HIGHER EDUCATION FUND

Transactions related to the financial activities of State higher education institutions are accounted for in the higher education fund. The financial statements of this fund have been prepared in accordance with the American Institute of Certified Public Accountants' Industry Audit Guide–Audits of Colleges and Universities and, accordingly, are presented as a discrete entity in a separate column in the combined balance sheet.

2. Summary of Significant Accounting Policies:

A. *All Funds:*

Cash and Short-Term Investments:

Substantially all cash and short-term investments are maintained by the State Treasurer on a pooled basis. Repurchase agreements, consisting principally of U.S. Government securities purchased with agreements to resell, are reported as cash and short-term investments. The State Treasurer takes possession of the U.S. government securities put up as collateral, which have a market value of approximately 110% of the principal. Certain funds have disbursed amounts in excess of their equity in the cash and short-term investments.

Grants:

Federal reimbursement type grants are recorded as revenues when the related expenditures, or expenses, are incurred.

Retirement Costs:

Substantially all State employees participate in one of seven State retirement systems (see Note 15). The State also provides retirement benefits to teachers and certain other employees of its political subdivisions. Retirement expenditures for governmental fund types represent amounts contributed by the State for the fiscal year. The excess amounts of actuarially determined retirement costs over the amounts recorded as expenditures are carried in the general long-term debt account group. For the proprietary fund type and higher education fund, retirement costs have been provided on the accrual basis predicated on actuarial valuations. The excess of retirement costs provided over amounts funded is carried as a liability in the respective funds.

Employee Benefit Costs:

Substantially all expenditures for pension, health and Federal Social Security benefits of governmental fund types, including approximately $359,000,000 of expenditures applicable to teachers and other employees of political subdivisions and $16,429,000 applicable to retired employees and their dependents, are reported as program expenditures in the respective funds. Material benefit costs applicable to the proprietary fund type and higher education fund are reflected as expenses in the appropriate funds.

Principally all full-time employees accrue annual leave based on the number of years employed up to a maximum of 25 days per calendar year. Earned annual leave may be accumulated up to a maximum of 35 days as of the end of each calendar year. As of June 30, 1985, accumulated earned but unused annual leave for general government employees is accounted for in the general long-term debt account group. Liabilities for accumulated earned but unused annual leave applicable to proprietary fund type and the higher education fund are reported in the respective funds.

Interfund Receivables and Payables:

Interfund receivables and payables consist of the following at June 30, 1985 (amounts expressed in thousands):

General fund:	
Due from:	
Special revenue fund	$ 4,207
Agency funds–	
Local admissions and amusement taxes	1,572
Payroll taxes and fringe benefits	2,964
Enterprise fund–Maryland Higher Education Loan Corporation	856
	$ 9,599
Due to:	
Agency funds–	
Payroll taxes and fringe benefits	$ 7,808
Local income taxes	163,952
	$171,760

Total Memorandum Only:

The "Total Memorandum Only" column represents an aggregation of the individual combined financial statements and does not represent consolidated financial information.

B. *Governmental Fund Types, Expendable Trust and Agency Funds:*

Basis of Accounting:

The accounts of the general, special revenue, debt service, capital projects, expendable trust and agency funds are maintained and reported using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are susceptible to accrual and recognized in the financial statements when they are measurable and available to finance operations during the year or liquidate liabilities existing at the end of the year. Material revenues susceptible to accrual include federal grants, income, sales and motor vehicle fuel and excise taxes. Expenditures are recognized when obligations are incurred as a result of receipt of goods and services. Modifications to the accrual basis of accounting include:

- Interest on long-term obligations reflected in the general long-term debt account group is recognized in the debt service funds when it becomes payable.
- Inventories of materials and supplies are recorded as expenditures when purchased. Such inventories are not material.
- Obligations for retirement costs and employees' vested annual leave and sick leave are recorded as expenditures when paid.
- Encumbrances represented by executed and unperformed purchase orders and contracts, which are approved by the Department of Budget and Fiscal Planning, are recorded as reservations of fund balance as of the end of the fiscal year.

Investments:

Investments are stated at cost, adjusted for amortization of premiums and accretion of discounts, plus accrued income. Repurchase agreements aggregating $490,102,000 (which approximates market value) at June 30, 1985, are reported as cash and short-term investments in governmental fund types.

Intergovernmental Expenditures:

Expenditures of general and special revenue fund revenues designated for payment to political subdivisions and bond proceeds granted to political subdivisions and other public organizations are recorded as intergovernmental expenditures. Direct grants and other payments to, or on behalf of, political subdivisions are recorded as current expenditures.

Capital Outlays:

Principally all capital expenditures for the acquisition or construction of State general fixed assets are reported as capital outlays in the capital projects fund.

Reserved and Designated General Fund Balances:

Loans receivable maturing after June 30, 1986, in the amount of $2,390,000 are deemed to be not available for current operations; accordingly, the amount has been reflected as a reservation of general fund balance.

A portion of the general fund balance, in the amount of $76,909,000 at June 30, 1985, representing special budgetary and nonbudgeted agency resources, was designated for agency activities and programs.

Expendable Trust Fund Balances:

Fund balances of expendable trust funds are restricted to the purpose of the fund.

C. *Enterprise Funds and Nonexpendable and Pension Trust Funds:*

Basis of Accounting:

The accounts of the enterprise funds, nonexpendable trust fund and pension trust fund are maintained and reported using the accrual basis of accounting.

Investments:

Investments of enterprise funds and the pension trust fund are stated at cost, adjusted for amortization of premiums and accretion of discounts, plus accrued income. Repurchase agreements aggregating $367,842,000 (which approximates market) at June 30, 1985, are reported as cash and short-term investments in the enterprise funds.

Short-term investments of the State Accident Fund are stated at cost, adjusted for amortization of premiums and accretion of discounts, plus accrued income. Short-term investments aggregating $15,331,000 (which approximates market) at June 30, 1985, consisting of U.S. Treasury Bills and commercial paper, are reported as cash and short-term investments. Other investments of the State Accident Fund, which are held for trading purposes and are not intended to be held until maturity, are stated at their market value of $185,218,000 (cost – $175,762,000). Realized gains and losses from the sale of other investments are credited or charged to income. Changes in unrealized market appreciation or depreciation are credited or charged to fund equity. Unrealized market appreciation or depreciation on other investments is reflected as a reservation of fund equity.

Property, Plant and Equipment:

Significant property, plant and equipment of enterprise funds are stated at cost.

The cost of property, plant and equipment used in the administration of Economic Development activities is charged to operations in the period acquired. Such amounts are not material.

Depreciation of the cost of property, plant and equipment of the Maryland Food Center Authority, Maryland State Lottery, Maryland Environmental Service, State Use Industries, Maryland Higher Education Loan Corporation, Maryland Deposit Insurance Fund Corporation and the nonexpendable trust fund is provided on the straight-line basis over estimated useful lives of 25 to 50 years for depreciable real property, 5 to 10 years for building improvements and 3 to 10 years for equipment. Repairs and maintenance are charged to operations in the period incurred. Replacements, additions and betterments are capitalized.

In accordance with retirement-replacement-betterment accounting principles, the cost of toll facilities is not depreciated. Repairs, maintenance and replacements are charged to operations in the period incurred. Additions and betterments are capitalized.

Lottery Revenues and Prizes:

Revenues and prizes of the Maryland State Lottery are generally recognized as drawings are held. Certain prizes are payable in deferred installments. Such liabilities are recorded at the present value of amounts payable in the future.

Provisions for Insurance and Loan Losses:

Current provisions are made for estimated losses resulting from insurance of loans and uncollectible loans. Loss provisions are based on the current status of insured and direct loans, including delinquencies, economic conditions, loss experience, estimated value of collateral and other factors which may affect their realization.

The Maryland Deposit Insurance Fund Corporation provides for insurance losses at the time a member savings and loan association requires financial assistance or when such assistance is anticipated. These amounts are reviewed periodically and adjusted as required based on the financial and economic conditions at the time.

Workers' compensation claims are recognized as expenses in the period incurred. Annually, the consulting actuary for the State Accident Fund estimates the liability for injuries incurred but not reported, the future liability on claims before the commission, and permanent awards. These liabilities are reported as accrued insurance losses.

Inventories:

Inventories of the Maryland Transportation Authority, State Use Industries and the nonexpendable trust fund are stated at the lower of cost, using the first-in, first-out method, or market.

Enterprise Funds Reserved Retained Earnings:

Retained earnings of the Maryland Transportation Authority in the amount of $173,833,000 are reserved for the payment of debt service related to the revenue bonds, major project maintenance requirements and improvements, betterments, enlargements, or capital additions.

Retained earnings of the Maryland State Lottery in the amount of $4,636,000 are reserved for the payment of unclaimed prizes.

Nonexpendable and Pension Trust Fund Balances:

Fund balances of nonexpendable and pension trust funds are restricted to the purpose of the fund and are reported as fund balance reserves.

D. *Higher Education Fund:*

Basis of Accounting:

The accounts of the higher education institutions are maintained and reported on the accrual basis of accounting.

Fund Accounting:

The financial activities of the higher education institutions are recorded in funds which classify the various transactions by specified activities or objectives. Fund balances of such funds are reported as reserved for higher education programs and higher education general endowment and similar funds.

Unrestricted revenue is accounted for in the current unrestricted fund. Restricted gifts, grants, endowment income and other restricted resources are accounted for in the current restricted fund, loan funds, endowment and similar funds and plant funds. Revenue and expenses are reported in the current restricted fund when financial resources are used for the current operating purposes for which they have been provided. Transactions related to the various student loan programs operated by the educational institutions are accounted for in loan funds. Resources dedicated to the acquisition and investment in property, plant and equipment are accounted for in the plant funds. To the extent current funds are used to finance plant assets, the amounts so provided are accounted for as (1) expenses, in the case of normal replacement of movable equipment and library books; (2) mandatory transfers, in the case of required provisions for debt repayment and interest, and equipment renewals and replacements; and (3) transfers of a nonmandatory nature in all other cases.

General endowment funds are subject to the restrictions of gift instruments requiring the principal be invested in perpetuity and the income only be utilized. Term endowment funds are similar to general endowment funds except, upon the passage of a stated period of time or the occurrence of a particular event, all or part of the principal may be expended. Quasi-endowment funds have been established for the same purposes as general endowment funds, except any portion of quasi-endowment funds may be expended. The balances of the fund groups which comprise the endowment and similar funds are general endowment $22,720,000, term endowments $53,000, and quasi-endowments $5,170,000.

Investments:

Investments of the higher education institutions are stated at cost, adjusted for amortization of premiums and accretion of discounts, plus accrued income.

Student Revenues:

Student tuition and fees are fully recognized as revenues in the fiscal year in which the related courses or activities are principally conducted. Student tuition and fees applicable to future courses and activities and collected as of the end of the fiscal year are recorded as deferred revenue.

Accounts and Notes Receivable:

An allowance for doubtful receivables is provided for estimated losses expected to be incurred in collection. The estimated losses are based on historical collection experience and a review of the status of existing receivables.

Inventories:

Inventories are stated at the lower of cost, using the first-in, first-out method, or market.

Plant:

Property, plant and equipment are stated principally at cost at date of acquisition or fair value at date of donation in the case of gifts. Consistent with generally accepted accounting principles for colleges and universities, depreciation is not provided for the cost of plant assets.

Operating Transfers from State's General Fund:

A substantial portion of the higher education fund's current unrestricted expenses, including current payments for retirement costs and fringe benefits, are funded through appropriations from the general fund at the time the expenses are encumbered or paid. The current year retirement expense exceeded the funding by approximately $13,412,000; this excess increased the liability for retirement costs recorded in the higher education fund. Accrued retirement costs are expected to be funded principally through future State appropriations.

3. Budgeting and Budgetary Control:

The Maryland Constitution requires the Governor to submit to the General Assembly an annual balanced budget for the following fiscal year. This budget is prepared and adopted for the following three Budgetary Funds:

General Fund:

The General Fund is the fund in which all general transactions of the State are recorded, unless otherwise directed to be included in another fund.

Special Fund:

The Special Fund includes all of the transportation activities of the State (except for the Maryland Transportation Authority), dedicated funds such as university and college students' fees, fishery and wildlife funds, shared taxes and payments of debt service on general obligation bonds, whereas the GAAP Special Revenue Fund includes only the operations (other than debt service) of the Maryland Department of Transportation Trust Fund. During fiscal year 1985 the Maryland Savings-Share Insurance Corporation was acquired by the State. The fund balance has been adjusted to reflect the amounts related to special funds.

Federal Fund:

The Federal Fund is the fund in which principally all grants from the Federal government are recorded.

In addition to the annual budget the General Assembly adopts authorizations for the issuance of general obligation bonds and the expenditures of the funds obtained thereby are accounted for in the capital projects fund. Because capital projects fund authorizations are not part of the annual budget, capital projects fund activities are not presented in the Combined Statement of Revenues, Expenditures and Encumbrances, Other Sources and Uses of Financial Resources and Changes in Fund Balances – Budget and Actual – Budgetary General, Special and Federal Funds.

All State budgetary expenditures for the general, special and federal funds are made pursuant to the appropriations in the annual budget, as amended from time to time by budget amendments. State governmental units may, with the Governor's approval, amend the appropriations by major function within the general fund, provided they do not exceed their total general fund appropriations as contained in the annual budget. Increases in general fund appropriations must be approved by the General Assembly. For the fiscal year ended June 30, 1985, the General Assembly approved increases in General Fund appropriations aggregating $27,801,000. Appropriations for programs funded in whole or in part from the special or federal funds may permit expenditures in excess of original special or federal fund appropriations to the extent that revenues from the particular special or federal fund sources exceed original budget estimates and such additional expenditures are approved by the Governor or, in the case of the University of Maryland, the Board of Public Works. Unexpended appropriations from the general fund may be carried over to succeeding years to the extent encumbrances are approved by the Department of Budget and Fiscal Planning; all other appropriations lapse as of June 30, 1985. Unexpended appropriations from special and federal funds may be carried over to the extent of (a) available resources, and (b) encumbrances approved by the Department of Budget and Fiscal Planning.

The amended budget adopted by the General Assembly for the general, special and federal funds is presented in the Combined Statement of Revenues, Expenditures and Encumbrances, Other Sources and Uses of Financial Resources and Changes in Fund Balances – Budget and Actual – Budgetary General, Special and Federal Funds. The State's budgetary fund structure and the basis of accounting used for budgetary purposes, which is the modified accrual basis with certain exceptions, differs from that utilized to present financial statements in conformity with generally accepted accounting principles. A summarization of the effect of the fund structure differences and exceptions to the modified accrual basis of accounting (amounts expressed in thousands) as of June 30, 1985, follows:

	Total Budgetary Fund Equities and Other Accounts June 30, 1985	Financial Statement Funds						
		General	Special Revenue	Debt Service	Capital Projects	Enterprise	Trust and Agency	Higher Education
Classification of budgetary fund equities and other accounts into GAAP fund structure:								
General	$ 69,286	$ 69,286						
Special revenue	500,975	63,812	$192,846	$112,753	$ 10,318	$ 101,253		$ 19,993
Other accounts (a):								
Non-budgeted	61,703	35,140	4,421		(7)	3		22,146
Debt service transportation bonds	494,384			494,384				
Capital projects	167,202				89,743	77,459		
Enterprise	824,777					824,777		
Expendable trust	599,683						$ 599,683	
Nonexpendable trust	52,219						52,219	
Pension trust	4,350,115						4,350,115	
Higher education	1,085,381							1,085,381
Budgetary fund equities and other accounts classified into GAAP fund structure	$8,205,725	168,238	197,267	607,137	100,054	1,003,492	5,002,017	1,127,520
Accounting principle differences:								
Assets recognized in the GAAP financial statements not recognized for budgetary purposes:								
Intergovernmental receivables		15,035						
Due from other funds		856						
Liabilities recognized in GAAP financial statements not recognized for budgetary purposes:								
Accounts payable and accrued liabilities		(29,185)						
Deferred income tax revenue		16,999						
Local income taxes payable to local income taxes agency fund		(163,952)						
Payroll taxes payable to payroll taxes and fringe benefits agency fund		(7,808)						
GAAP financial statement fund equities, June 30, 1985		$ 183	$197,267	$607,137	$100,054	$1,003,492	$5,002,017	$1,127,520

(a) The State's accounting system is maintained by the Comptroller in compliance with State Law and in accordance with the State's Budgetary Funds. In addition to the accounting systems maintained by the Comptroller, certain individual agencies which are not subject to the State budget maintain accounting systems which permit financial reporting on the basis of generally accepted accounting principles. The change in net assets of agencies whose accounting systems are not entirely maintained by the Comptroller are recorded in the State's accounting system as of June 30 each year.

4. Investments:

Investments (amounts expressed in thousands) as of June 30, 1985, consisted of:

	Funds					
	General	Special Revenue	Debt Service	Enterprise	Fiduciary Fund Type	Higher Education
U.S. Treasury and Agency obligations	$38,185	$140,557	$493,086	$517,484	$ 43,748	$68,528
Certificates of deposit	1,875					60
Commercial paper					219,097	3,837
Corporate debt securities					1,959,214	2,524
Corporate equity securities					2,179,569	15,776
Annuity contracts				53,225	179,080	169
Other					200,174	2,249
Total	$40,060(a)	$140,557(a)	$493,086(b)	$570,709(c)	$4,780,882(d)	$93,143(a)

(a) Market value approximates cost.

(b) The Department of Transportation, (Department) on behalf of the Consolidated Transportation Refunding Bond Sinking Fund and the County Transportation Refunding Bond Sinking Fund, has entered into federal securities purchase agreements with banks, thereby reducing the market risk to the Department. Under these agreements the Department is required to invest a total of $246,000,000 of Sinking Fund deposits over the first five and one-half years of the Bond issues. The invested funds are used to purchase federal securities from the banks at predetermined yields and ranges of maturities. Investment maturities are scheduled in accordance with bond redemption provisions and the Department anticipates that all investments will be held until maturity. As of June 30, 1985, investment cost exceeded market value by approximately $24,673,000; however, no decline in investment market value has been recognized in the financial statements since the Department intends to hold the investments until maturity.

(c) Market value approximates $561,545,000.

(d) Market value approximates $5,539,405,000.

5. Taxes Receivable:

Taxes receivable (amounts expressed in thousands), as of June 30, 1985, consisted of the following:

	Funds			
	General	Special Revenue	Debt Service	Trust and Agency
Income taxes, current employee withholdings held by employers	$194,153			
Retail sales and use taxes, current taxes held by collectors	100,691			
Transportation taxes, principally motor vehicle fuel and excise		$37,790		
Unemployment compensation taxes				$91,614
Other taxes, principally alcohol, tobacco and property	3,938		$5,332	
	298,782	37,790	5,332	91,614
Less allowance for doubtful accounts	648			
Taxes receivable, net	$298,134	$37,790	$5,332	$91,614

6. Loans and Notes Receivable:

Loans and notes receivable (amounts expressed in thousands), as of June 30, 1985, consisted of the following:

	Funds				
	General	Debt Service	Capital Projects	Enterprise	Higher Education
Notes receivable for advances of general obligation bond proceeds:					
Political subdivisions:					
Public school construction		$19,746			
Other		18,357			
Hospitals and nursing homes		36,654			
Construction mortgage loans				$ 20,003	
Permanent mortgage loans				825,442	
Savings and loan association loans				51,215	
National direct student loans					$26,601
Health profession loans					8,445
Shore erosion loans			$10,070		
Other	$471	800		122	
	471	75,557	10,070	896,782	35,046
Less allowance for possible loan losses		103			8,292
Loans and notes receivable, net	$471	$75,454	$10,070	$896,782	$26,754

Notes receivable for advances of general obligation bond proceeds bear interest at rates ranging from 3% to 11.1% and mature over the next 30 years. Notes receivable maturing after fiscal year 2000 in the amount of $22,830,000 are deemed to be not available for debt service because all related general obligation bonds are scheduled to be retired by that date. Accordingly, the amount has been reflected as a reservation of debt service fund balance. Such amounts will become available to fund debt service when the due date of the outstanding amounts becomes equal to or less than the maturity dates of general long-term debt.

Construction mortgage loans receivable are subject to commitments from other lenders to purchase the loans upon completion of construction. Proceeds from payments of principal and interest on the construction and permanent mortgage loans are pledged to meet the debt service requirements of the mortgage revenue bonds (see Note 11).

Savings and loan association loans are purchased from or made to member associations of the Maryland Deposit Insurance Fund Corporation (see Note 14).

National direct student loans and health profession loans are made pursuant to student loan programs funded through the U.S. Government.

7. Property, Plant and Equipment:

Property, plant and equipment (amounts expressed in thousands) consisted of the following as of June 30, 1985:

Enterprise Funds:	Depreciable Assets	Non-depreciable Assets
Land and improvements (includes land being held for sale of $1,850)		$ 8,590
Structure and improvements	$34,797	715,154
Equipment	18,210	317
Construction in progress		832
Less accumulated depreciation	16,253	
Total	$36,754	$724,893
Nonexpendable Trust Fund:		
Land	$ 164	
Equipment, net of accumulated depreciation of $270	1,117	
Total	$ 1,281	

General Fixed Assets:

General fixed assets activity by asset classification for the year ended June 30, 1985, was as follows (amounts expressed in thousands):

Classification	Balance July 1, 1984	Additions	Deletions	Transfers in (out)	Balance June 30, 1985
Land and improvements	$ 382,352	$ 14,810	$ 29	$ 10,092	$ 407,225
Structure and improvements	1,732,836	21,076	2,303	39,823	1,791,432
Equipment	424,146	65,728	21,055		468,819
Construction in progress	231,135	94,019		(49,915)	275,239
Total	$2,770,469	$195,633	$23,387	$ -0-	$2,942,715

Higher Education Fund:

Land	$ 50,464
Buildings and improvements	786,247
Contents	319,244
Construction in progress	9,022
Total	$1,164,977

8. General Obligation Bonds:

General obligation bonds are authorized and issued primarily to provide funds for state owned capital improvements, including facilities for institutions of higher learning, and the construction of public schools in political subdivisions. Bonds have also been issued for local government improvements, including grants and loans for water quality improvement projects and correctional facilities, and to provide funds for repayable loans or outright grants to private, not-for-profit cultural or educational institutions. Under constitutional requirements and practice, the Maryland General Assembly, by a separate enabling act, authorizes a loan for a particular object or purpose. Thereafter the Board of Public Works, a constitutional body composed of the Governor, the Comptroller of the Treasury and the State Treasurer, by resolution authorizes the issuance of bonds in a specified amount for part or all of the loan authorized by a particular enabling act.

General obligation bonds, which are paid from the General Obligation Debt Service Fund, are backed by the full faith and credit of the State and, pursuant to the State Constitution, they must be fully paid within 15 years from the date of issue. Property taxes, debt service fund loan repayments and general fund appropriations provide the resources for repayment of general obligation bonds.

General obligation bonds outstanding and bonds authorized but unissued (amounts expressed in thousands) as of June 30, 1985, were as follows:

Purpose	Outstanding		Authorized But Unissued
	Interest Rates	Amount	Amount
General construction	4.4% to 11.3%	$ 792,110	$326,454
Public school construction	4.2 to 11.3	913,025	73,100
Water quality	4.4 to 11.0	122,830	133,210
Sanitary facilities and sewage treatment	4.2 to 11.0	16,445	4,205
Hospitals and nursing homes	4.5 to 11.3	6,665	22,500
Community colleges and vocational schools	4.4 to 11.0	38,835	9,900
Airport development	4.5 to 4.9	10,485	
Housing loans	4.4 to 11.3	73,515	11,603
Maryland Port Authority loans	4.5 to 6.2	3,960	
Jails and correctional institutions	4.3 to 11.3	48,850	35,002
Private colleges	4.5 to 11.3	14,855	12,262
Social, cultural and historical	4.4 to 11.3	58,127	34,812
Savings and loan association insurance loan			100,000
Other	4.2 to 11.3	131,593	68,295
		$2,231,295	$831,343

As of June 30, 1985, general obligation debt service requirements for principal and interest (amounts expressed in thousands) in future years were as follows:

Years Ending June 30,	Total	Years Ending June 30,	Total
1986	$396,768	1994	$150,141
1987	380,992	1995	137,629
1988	366,288	1996	124,425
1989	346,110	1997	109,196
1990	329,028	1998	84,300
1991	289,384	1999	32,568
1992	220,227	2000	17,394
1993	172,745		

9. Transportation Bonds:

Transportation bonds outstanding (amounts expressed in thousands) as of June 30, 1985, were as follows:

	Outstanding
Consolidated Transportation Bonds–5.375% Refunding Series, due February 15, 1993	$354,865
County Transportation Bonds–5.5% Refunding Series, due May 15, 1993	155,725
Consolidated Transportation Bonds–5.9% to 9.0%, due serially 1985 through 1997	145,000
County Transportation Bonds–5.3% to 11.0%, due serially through 1998	140,670
	$796,260

Consolidated Transportation Bonds are limited obligations issued by the Department of Transportation for highway, port, airport or mass transit facilities or any combination of such facilities, the principal of which must be paid within 15 years from the date of issue. The outstanding aggregate principal amount of these bonds, plus outstanding Maryland Port Authority loans (see Note 8) may not by law exceed $950,000,000. At June 30, 1985, the principal amount of additional bonds which may be issued under this limitation was $446,175,000.

Consolidated Transportation Bonds are paid from the transportation debt service fund except for the Bond Anticipation Notes (none outstanding at June 30, 1985) which are paid from the proceeds of Consolidated Transporation Bonds which are deposited in the special revenue fund. Principal of and interest on Consolidated Transportation Bonds are payable from the proceeds of certain excise taxes levied by statute and the corporate income tax credited to the Department less amounts required for debt service on Maryland Port Authority Loans. These amounts are applicable to the extent necessary for that exclusive purpose before being available for other uses by the Department. If those tax proceeds become insufficient to meet debt service requirements, other receipts of the Department are available for that purpose. The holders of such bonds are not entitled to look to other State resources for payment.

Under the terms of authorizing bond resolutions, additional Consolidated Transportation Bonds may be issued, provided, among other conditions, that (i) total receipts (excluding federal funds for capital projects, bond and note proceeds, income received from a sinking fund separately dedicated to the Refunding Bonds, and other receipts not available for debt service), less administration, operation and maintenance expenses, for the preceding fiscal year equal at least two times the maximum annual debt service on all Consolidated Transportation Bonds outstanding and to be issued and any then outstanding Maryland Port Authority Loans and that (ii) total proceeds from pledged taxes equal at least two times the maximum annual debt service on all Consolidated Transportation Bonds outstanding and to be issued and any then outstanding Maryland Port Authority loans.

County Transportation Bonds are issued by the Department and the proceeds are used by participating counties and Baltimore City to fund local road construction, reconstruction and other transportation projects and facilities and to provide local participating funds for federally aided highway projects. Debt service on these bonds is payable from the counties' and Baltimore City's shares of highway user revenues.

As of June 30, 1985, Transportation bond debt service requirements for sinking fund deposits and principal and interest payments (amounts expressed in thousands) in future years were as follows:

Years ending June 30,	Consolidated Transportation Bonds	County Transportation Bonds	Total Transportation Bond Debt Service Requirements
1986	$57,307	$33,516	$90,823
1987	25,754	23,891	49,645
1988	25,595	18,513	44,108
1989	22,390	18,594	40,984
1990	20,299	18,697	38,996
1991	19,264	18,757	38,021
1992	18,214	18,825	37,039
1993	17,173	18,837	36,010
1994	10,105	18,411	28,516
1995	3,490	18,463	21,953
1996	4,280	11,334	15,614
1997		10,519	10,519
1998		5,784	5,784
1999		3,088	3,088

On February 15 and May 25, 1978 the Department of Transportation issued Consolidated Transportation Bonds, Refunding Series 1978 and County Transportation Bonds First Issue Refunding Series 1978, respectively. The net proceeds of these issues, after underwriters' discounts and other financing expenses, in principal amounts aggregating $510,625,000 were used to purchase U.S. Government Securities sufficient to fully provide for the timely payment of $500,585,000 Consolidated Transportation Bonds, State Highway Construction and County Transportation Bonds. The U.S. Government Securities purchased to retire the Consolidated Transportation Bonds and State Highway Construction Bonds were deposited with the State Treasurer. As a result of these transactions, the refunded bonds are deemed to be retired and, accordingly, are no longer reported as long-term debt in the accompanying financial statements. At June 30, 1985, the refunded bonds outstanding were $126,970,000.

10. Changes in General Long-Term Debt:

Changes in general long-term debt (amounts expressed in thousands) for the year ended June 30, 1985, are summarized as follows:

	General Obligation Bonds	Trans-portation Bonds	Accrued Retirement Costs	Accrued Annual Leave
Balance, July 1, 1984	$2,314,315	$776,485	$561,960	$60,689
Bond issuances	138,990	24,210		
Bond principal retirements	(222,010)	(4,435)		
Excess of actuarially determined retirement costs over the amounts recorded as expenditures in governmental fund types			13,852	
Amortization of prior years' liability for unfunded retirement costs			(15,490)	
Net increase in accrued annual leave				3,828
Balance, June 30, 1985	$2,231,295	$796,260	$560,322	$64,517

11. Revenue Bonds, Notes Payable, Loans from Other Funds and Obligations Under Capital Leases:

A. Enterprise Funds:

Community Development Administration (Administration):

Revenue Bonds:

The Administration, an agency of the Department of Economic and Community Development, has issued revenue bonds, the proceeds of which were used to provide funds for its various mortgage loan programs. Assets aggregating approximately $1,266,090,000 and revenues of each mortgage loan program are pledged as collateral for the respective revenue bonds and notes payable (see below). Interest rates range from 4.90% to 14% and the bonds mature serially through May 15, 2025. Maturities of principal (amounts expressed in thousands) are as follows:

Years ending June 30,	Amount
1986	$ 19,140
1987	24,440
1988	25,325
1989	26,420
1990	27,675
1991 and thereafter	1,032,016
	$1,155,016

Substantially all bonds are subject to redemption provisions at the option of the Administration. Redemptions are permitted at rates ranging from 103% to 100% of outstanding principal amount at dates between 1986 and 2025.

In July of 1985, the Administration issued $45,197,000 of revenue bonds.

Notes Payable:

The aggregate amount of notes payable (amounts expressed in thousands) at June 30, 1985, consisted of:

1983 Series A Multi-Family Construction Loan Notes with interest of 6.50% due December 15, 1985	$ 8,954
1984 Series A Construction Loan Notes with interest of 7.75% due August 1, 1986	10,550
1985 Series A Multi-Family Construction Loan Notes with interest of 6.50% due November 15, 1987	5,727
	$25,231

Maryland Food Center Authority (Authority):

Loans from Other Funds:

The Board of Public Works loaned to the Authority $4,000,000 which was obtained from the issuance of general obligation bonds of the State. The Authority is obligated to pay interest and principal on these bonds after all principal and interest has been repaid on any revenue bonds which may be issued by the Authority.

On May 2, 1969, the State issued bonds to provide $5,000,000 for a construction loan to the Authority. Repayment to the Board of Public Works will consist of principal and interest payments which began in 1984 and will conclude in 1996.

Total principal and interest (expressed in thousands) due to the State are summarized as follows:

Greater Baltimore Regional Consolidated Wholesale Food Market Loan of 1967	$ 5,577
General Construction Loan	4,722
Debt assumed from New Marsh Wholesale Produce Market	795
	$11,094

Maryland Transportation Authority (Authority):

Revenue Bonds:

The Authority has issued Transportation Facilities Projects Revenue Bonds, First Series (Refunding), which are payable solely from the revenues of the transportation facilities projects. Bonds outstanding (amounts expressed in thousands) as of June 30, 1985, consisted of:

Serial bonds maturing in annual installments from $1,105 to $2,415 from July 1, 1985, through July 1, 1997 with interest rates ranging from 5.4% to 6.20%, payable semiannually	$ 20,775
Term bonds with interest at 6.625%, payable semi-annually, due July 1, 2003	18,550
Term bonds with interest at 6.80%, payable semi- annually, due July 1, 2016	76,170
	$115,495

Maturities of principal (amounts expressed in thousands) are as follows:

Years ending June 30,	Amount
1986	$ 1,180
1987	1,260
1988	1,345
1989	1,435
1990	1,530
1991 and thereafter	$108,745
	$115,495

The serial bonds are subject to redemption at par, in whole or in part, at the option of the Authority on any July 1, by operation of the Sinking Fund; or at redemption prices ranging from 102% to 100% of the principal amount on any date or dates after July 2, 1987, from any monies made available for such purpose. The term bonds are subject to redemption by operation of the Sinking Fund in the years 1998 through 2015 at annual principal amounts ranging from $2,615,000 to $8,400,000.

In compliance with the Trust Agreement underlying the Transportation Facilities Projects Revenue Bonds, First Series (Refunding), the Authority has established restricted equity accounts in the aggregate amount of $173,833,000 for certain operating expenses, payment of the bonds and interest and acquisition, construction and improvements to transportation facilities projects. Assets consisting of cash and short-term investments, $19,353,000; investments, $164,235,000; less current accounts payable, $9,755,000 have been restricted for such purposes.

Maryland Environmental Service (Service):

Revenue Bonds:

The Service has issued revenue bonds for the construction of certain projects. The bonds bear interest at rates ranging from 5% to 8.45% and are collateralized by the assets and revenues of the projects and any other revenues of the Service that are not otherwise pledged. All rights, title and interest in the related property, plant and equipment remains with the Service until expiration or completion of the project and repayment of the revenue bonds. Thereafter, title to the assets passes to the governmental unit served by the projects. Maturities of principal (amounts expressed in thousands) are as follows:

Years ending June 30,	Amount
1986	$1,187
1987	506
1988	508
1989	142
1990	46
1991 and thereafter	2,781
	$5,170

State Use Industries:

Loans From Other Funds:

In July 1982, the General fund loaned State Use Industries $2,000,000. The loan bears no interest and is repayable as operational earnings permit with no time limit.

Maryland Deposit Insurance Fund Corporation:

Notes Payable:

The notes payable of $100,862,000 represent promissory notes payable to member savings and loan associations (see Note 14).

B. Higher Education Fund:

Long-Term Debt:

Certain State colleges have issued revenue bonds and mortgage loans payable and received proceeds from construction loans payable for the acquisition and construction of student housing and other facilities. Student fees and other user revenues collateralize the revenue bonds and the mortgage loans payable and construction loans are collateralized by real estate. Interest rates range from 3% to 6% on the revenue bonds and 3% to 10% on the mortgage loans payable. Interest rates for construction loans are either 3%, or 70% of the bank's prime rate. Maturities of principal, excluding construction loans of $3,497,000 (amounts expressed in thousands) are as follows:

Years ending June 30,	Revenue Bonds		Mortgages	Total
	Demand	Other		
1986	$ 1,200	$ 433	$ 259	$ 1,892
1987	1,300	459	270	2,029
1988	1,400	491	282	2,173
1989	1,500	518	300	2,318
1990	1,600	531	284	2,415
1991 and thereafter	48,000	7,016	2,155	57,171
	$55,000	$8,448	$3,550	$67,998

As of June 30, 1985, the University of Maryland has outstanding $55,000,000 of variable rate demand bonds issued April 23, 1985, which are subject to mandatory redemption in annual installments each April 1, beginning in 1986 and ending in 2005. The bonds issued are the debt and obligation of the University and are not a debt and obligation of, or pledge of, the faith and credit of the State.

The interest rate on the bonds may vary on a weekly, monthly, quarterly, semiannual, or annual basis at the option of the University, however, the interest rate may not exceed 12% per annum. The interest payment periods may be monthly, quarterly, or semiannual, depending upon the interest rate period selected by the University. As of June 30, 1985, a weekly interest rate period was used and interest was paid monthly. The average annual rate of interest on the bonds during the period outstanding was 5.09%.

The bonds are subject to purchase on demand of the holders (optional tender) at a price equal to the principal and accrued interest. The remarketing agents are to use their best efforts to sell the bonds at a price equal to 100% of the principal amount by adjusting the interest rate. The University may convert all or part (in the minimum aggregate amount of $5,000,000) of the bonds (mandatory tender) to a fixed rate of interest.

Under an irrevocable letter of credit issued by a bank, the trustee or paying agent is entitled to draw amounts sufficient to pay the purchase price of bonds delivered to it as a result of an optional or mandatory tender. The letter of credit is valid through April 30, 1990, subject to extensions of one additional year at each April 30, beginning in 1987 at the option of the bank. The bonds are subject to mandatory tender on the date of termination of the letter of credit unless a successor letter of credit is delivered to the trustee. Drawings on the letter of credit bear interest at the higher of the bank's prime lending rate or the rate of interest then payable with respect to the bonds. As of June 30, 1985, there were no drawings on the letter of credit and no bonds have been purchased by the bank as a result of an optional or mandatory tender.

Obligations Under Capital Leases:

Obligations under capital leases of $39,993,000 exist as of June 30, 1985 bearing interest at annual rates ranging from 6.5% to 17.5%. The following is a schedule of annual future minimum payments under these obligations, along with the present value of the related net minimum payments as of June 30, 1985 (amounts expressed in thousands):

Years ending June 30,	Amount
1986	$ 7,118
1987	6,831
1988	6,253
1989	5,683
1990	5,384
1991 and thereafter	101,910
Total future minimum payments	133,179
Less amount representing interest	93,186
Present value of net minimum lease payments	$ 39,993

12. Contributed Capital:

The changes in contributed capital of the enterprise funds (amounts expressed in thousands) for the year ended June 30, 1985, are as follows:

	Economic Development					
	Insurance Programs	Loan Programs	Maryland Transportation Authority	Maryland Environmental Service	State Use Industries	Total
Balance, July 1, 1984	$58,495	$113,062	$4,331	$13,118	$401	$189,407
Contributions	4,298	14,254		6,155		24,707
Loss on disposal of contributed assets				(3,896)	(2)	(3,898)
Depreciation on contributed assets		(96)		(1,310)	(3)	(1,409)
Balance, June 30, 1985	$62,793	$127,220	$ 4,331	$14,067	$396	$208,807

During 1985, the Maryland Environmental Service changed its policy of accounting for project costs of property, plant and equipment and has reduced contributed capital previously reported as of July 1, 1984 by $23,244,000.

13. Segment Information—Enterprise Funds:

Activity segments included in enterprise funds are described in Note 1B. Selected financial information (amounts expressed in thousands) with respect to these segments is as follows:

	Segments								
	Economic Development		Warehouse Development and Rentals	Toll Facilities (Maryland Transportation Authority)	Lottery	Water Supply Waste Disposal	Manufacturing	Student Loan Insurance Program	Savings and Loan Deposit Insurance
	Insurance Programs	Loan Programs							
Operating revenues	$ 11,484	$ 127,253	$2,720	$ 93,165	$688,146	$18,566	$8,254	$ 6,343	$ 3,441
Depreciation and amortization		1,274	374	139	3,559	1,358	165	17	10
Operating income (loss)	6,885	8,662	415	43,899	249,801	(1,529)	575	(11,774)	1,954
Operating grants		11,183						13,907	
Operating interfund transfers:									
In								842	105
Out		(324)			(250,170)			(2,023)	
Net income (loss)	6,885	19,521	415	43,899	(369)	(1,529)	575	952	2,059
Current capital contributions	4,298	14,254				6,155			
Property, plant, and equipment:									
Additions		1,300	985	19,293	1,176		529	36	54
Deletions						(2,859)			
Total assets	111,517	1,463,817	23,687	910,441	77,614	24,716	5,983	25,079	299,841
Bonds and other long-term liabilities:									
Payable from other sources		25,231						100,862	
Payable from operating revenues		1,155,016		115,495		5,170			
Total capital (deficit)	104,213	229,043	7,686	782,661	11,800	14,599	2,570	10,623	(159,703)

14. State of Maryland Deposit Insurance Fund Corporation:

During the first half of calendar year 1985, several State-chartered savings and loan associations, the savings accounts of which were privately insured by the Maryland Savings-Share Insurance Corporation (MSSIC), experienced unusually heavy withdrawals of funds by depositors. This unanticipated situation caused a substantial decline in the liquid assets held by some associations and, as a result, MSSIC was appointed by the Circuit Court for Baltimore City to act as conservator for two of the associations. On May 17, 1985, the Governor convened a special session of the General Assembly which enacted legislation creating the State of Maryland Deposit Insurance Fund Corporation (MDIFC), an agency of the State Department of Licensing and Regulation and the successor by statutory merger to MSSIC. On May 18, 1985, all savings and loans associations that were members of MSSIC automatically became members of MDIFC.

Funding of MDIFC's operations to date consist primarily of capital deposits and capital notes from member associations. Capital deposits by members are based on the savings accounts on deposit with the members and are refundable upon termination of membership in MDIFC subject to the terms and conditions adopted by the Fund Director and approved by the Board of Directors of MDIFC. Capital notes are issued by MDIFC for subscriptions of members based on their savings accounts and are redeemable upon termination of membership in MDIFC under the same conditions as capital deposits. Interest earned on capital notes is returned to members.

MDIFC insures members' savings deposits deposited prior to May 18, 1985 up to $100,000 per account and amounts deposited after that date up to the amount insured by the Federal Savings and Loan Insurance Corporation (FSLIC). The savings accounts of all associations operating in the State must be insured by either MDIFC or FSLIC.

The enabling legislation required that a member association with total assets of $40 million or more apply for Federal insurance on or before June 1, 1985 and be approved no later than December 31, 1985. It may remain a member of MDIFC past that date only under certain terms and conditions approved by the State. An association with total assets of at least $15 million but less than $40 million is not eligible for new or continued membership in MDIFC on or after July 1, 1987. An association with total assets of less than $15 million is not eligible for new or continued membership in MDIFC after July 1, 1989.

Emergency legislation enacted in the special session also gave authority to the Board of Public Works to issue, at its discretion, general obligation bonds of the State not to exceed the aggregate principal amount of $100 million. Bond proceeds may be provided to MDIFC or to the Savings and Loan Association Capital Stabilization Fund (Fund), a special non-lapsing fund established by the legislation. The Fund may be applied at the discretion of the Governor to purchase net worth certificates of any Maryland chartered savings and loan association, if, in the opinion of the Secretary of Licensing and Regulation, by so doing the association will qualify for insurance of its deposits and accounts by the FSLIC. Net worth certificates are special capital instruments which MDIFC-insured associations are authorized to issue for the purpose of increasing their capital. The Board of Public Works may authorize the purchase of such certificates in exchange for money, bond anticipation notes, or other obligations of the State in consideration for the net worth certificates. The net worth certificates give the State the right to exercise significant operational control over the association. As of October 31, 1985, none of the authorized $100 million general obligation bonds had been issued; however, net worth certificates totalling approximately $19 million had been purchased from three associations in exchange for a like principal amount of bond anticipation notes of the State. Each of those bond anticipation notes matures three years after its date of issuance, subject to prior redemption at par at any time at the option of the State, and bears interest, payable annually, at the rate of 9.3%. Each of the three associations have presented plans acceptable to the State to redeem their net worth certificates within three years. While outstanding, the net worth certificates pay dividends at a rate of 10.8%.

The emergency legislation also gave the Governor and others certain emergency powers. As of October 31, 1985, two savings and loan associations remain in conservatorship. By order of the Circuit Court, the savings deposits held by the two associations under conservatorship have been frozen and are to earn interest at the contract rate for unmatured certificates of deposit and at 5.50% per annum for all other accounts. The Governor has also provided for the cessation of withdrawals from one association and limited withdrawals from 13 other associations to $1,000 per month per account.

On October 17, 1985, the Governor convened a second special session of the General Assembly which enacted legislation allowing out-of-state bank holding companies until June 1, 1986 to acquire one or more savings and loan associations and convert them into commercial banks. The acquired association(s) must have been placed into conservatorship before October 15, 1985 or been the subject of withdrawal restrictions before that date, and the aggregate total savings account liability of the association(s) to be acquired must exceed $450 million as of June 1, 1985, or, if less than that amount but greater than $250 million, the acquisition must meet certain statutory criteria and be concurred in by the Governor. Effective October 31, 1985, Chase Manhattan Corporation acquired three savings and loan associations with total savings deposits of $492 million, one of which was in conservatorship and two of which had withdrawal restrictions. MDIFC agreed to pay Chase Manhattan $25 million on that date, and to return by December 31, 1986, $4.1 million of the associations' capital notes. Chase Manhattan agreed to repay on November 10, 1985, $58.1 million of loans outstanding to MDIFC and relinquish all claims to the associations' capital deposits with MDIFC.

Provision for insurance losses is made at the time an association requires financial assistance or when such assistance is anticipated. These amounts are reviewed periodically and adjusted as required based on the financial and economic conditions at the time. At June 30, 1985, the provision for insurance losses was $325.1 million.

As of June 30, 1985, MDIFC has pledged investments totalling $130 million to the Federal Reserve Bank of Richmond as collateral for $130 million of loans made by the Bank to member associations of MDIFC. Subsequent to June 30, 1985, $47 million has been returned to MDIFC. In addition, MDIFC has made loans of $19.7 million as of June 30, 1985 to member associations. The loans are collateralized by loans receivable of the associations with a nominal value double that of the loans. Subsequent to June 30, 1985, MDIFC has made additional loans, net of repayments, of $28.5 million to member associations, with similar collateral arrangements.

MSSIC, although exempt from State of Maryland income taxes, was subject to Federal income taxation. MSSIC's income tax return for the year ended December 31, 1971, was examined by the Internal Revenue Service (IRS) to determine the propriety of the insurance loss reserve provision. The matter was decided adversely by the U.S. Court of Claims in February 1981. In September 1982, MSSIC received a Notice of Tax Deficiency from the IRS relating to the years 1974 through 1980. Additionally, in July 1984, a Notice of Tax Deficiency relating to the years 1981 and 1982 was received. A petition for redetermination of the proposed deficiency was filed with the U.S. Tax Court and the case was tried in December 1984. A decision has not yet been reached. The primary issue addressed in the court case is the propriety of the loss reserve provision. In the opinion of management of MDIFC, adequate provision for income taxes has been recorded to cover any additional tax liabilities that may result from the outcome of this litigation.

Additionally, as a result of the matters discussed above, MDIFC and MSSIC are parties to several lawsuits, including one by a former member savings and loan association in an effort to obtain the return of its capital deposits and capital notes aggregating approximately $82 million. The plaintiff also seeks to determine the powers of MDIFC to manage and disburse monies credited to its reserve and insurance funds. In the opinion of the Attorney General, if the association were to prevail, MDIFC's resources for paying insured losses of depositors at its insured associations would be seriously depleted.

A condensed balance sheet of MDIFC as of June 30, 1985 is as follows (amounts expressed in thousands):

Assets:	
Cash and investments	$248,397
Loans and notes receivable	51,215
Other assets	229
	$299,841
Liabilities:	
Estimated loss on insured savings deposits	$325,100
Capital notes	88,862
Notes payable	12,000
Deferred federal income taxes	25,282
Other liabilities	8,300
	459,544
Deficiency in Assets:	
Capital deposits by members	144,224
Deficit	(303,927)
	(159,703)
	$299,841

A copy of the audited financial statements of MDIFC are on file at the Office of the Comptroller of the Treasury.

As of June 30, 1985, 92 savings and loan associations, with savings deposits of $4.0 billion, were members of MDIFC and as of October 31, 1985, there were 67 associations with deposits of $2.0 billion remaining.

15. Retirement and Pension Systems:

As of June 30, 1985, the State of Maryland had employee retirement and pension programs as follows:

"Retirement Systems" – for employees, teachers and State police – retirement programs for substantially all State employees, teachers and State police who are not members of the State Pension Systems.

"Pension Systems" – for employees and teachers – retirement programs for employees and teachers hired after January 1, 1980, and prior employees who have elected to transfer from the Retirement Systems.

"Judges' Pension System" – a retirement program for State judges.

"Mass Transit Administration Pension Plan" – a retirement program for certain employees of the Mass Transit Administration.

All Retirement and Pension Systems, other than the Mass Transit Administration Pension Plan, are jointly contributory. Employee contributions are established at fixed percentages of total employee compensation, except for the Pension Systems where employee contributions are established at fixed percentages of employee compensation in excess of the F.I.C.A. taxable wage base. The Mass Transit Administration Pension Plan is a pay-as-you-go plan and requires no employee contributions.

The consulting actuary for the retirement and pension systems, other than the Mass Transit Administration Pension Plan, prepared valuations as of June 30, 1984, using the unit credit actuarial cost method. Retirement costs for 1985 on this basis aggregated approximately $383,500,000 for governmental fund types and $51,375,000 for the higher education fund, including amortization of unfunded liabilities over 40 years and interest thereon. Such amortization is being calculated using the straight-line method which began in fiscal year 1981.

The consulting actuary for the Mass Transit Administration Pension Plan prepared a valuation as of June 30, 1985, using the entry age normal cost method. Retirement costs for 1985 on this basis aggregated approximately $3,500,000 for governmental fund types, including amortization of unfunded liabilities over 30 years.

Retirement expenditures applicable to governmental fund types for the year ended June 30, 1985, aggregated approximately $385,138,000. The excess of retirement costs over retirement expenditures of approximately $13,852,000, is included in the general long-term debt account group.

Selected data (amounts expressed in thousands) compiled in accordance with Financial Accounting Standards Board Statement No. 35, with respect to each plan is as follows:

	State Contributions for the year ended June 30, 1985	Actuarial Present value of Accumulated Plan Benefits as of June 30, 1984(a)			Net Assets available for Plan Benefits(b)
		Vested	Nonvested	Total	
Employees' Retirement System	$ 79,728	$1,801,953	$ 22,885	$1,824,838	$1,117,018
Teachers' Retirement System	271,028	3,571,785	55,124	3,626,909	2,120,017
State Police Retirement System	14,972	128,927	10,230	139,157	141,623
Employees' Pension System	21,802	100,684	13,742	114,426	281,461
Teachers' Pension System	30,885	84,748	5,926	90,674	194,562
Judges' Pension System	6,727	55,958		55,958	11,401
Mass Transit Administration Pension Plan	3,187	(c)	(c)	(c)	(c)
Total	$428,329	$5,744,055	$107,907	$5,851,962	$3,866,082

(a) The following assumed rates of returns, as promulgated by the Pension Benefit Guaranty Corporation, were used in determining the actuarial present value of accumulated plan benefits:

for immediate annuities - 10%

for deferred annuities - 9¼% for the first 7 years prior to benefit commencement, 8% for the next 8 years, 4% thereafter

(b) Net assets at actuarially determined market value as of June 30, 1984.

(c) The actuarial present value of accumulated plan benefits and the net assets available for plan benefits is not available for the Mass Transit Administration Pension Plan.

The actuarially computed value of the unfunded accrued liabilities (amounts expressed in thousands) for each plan is as follows:

	June 30, 1984
Employees' Retirement System	$1,775,732
Teachers' Retirement System	4,048,645
State Police Retirement System	120,991
Employees' Pension System	1,071
Teachers' Pension System	84,801
Judges' Pension System	67,541
Mass Transit Administration Pension Plan	38,500
Total	$6,137,281

The actuarially computed value of the unfunded accrued liabilities is greater than the unfunded actuarial present value of accumulated plan benefits principally because the method for determining the actuarial present value of accumulated plan benefits does not take into consideration anticipated future wage and salary increases and uses different interest rate assumptions.

For asset and investment management purposes, the State combined the assets of all State administered retirement and pension systems into a pooled trust fund. Accordingly, the financial statements for the State administered pension fund are presented on a combined basis in the fiduciary fund type financial statements. Individual retirement systems' equity in the pension fund balance (amounts expressed in thousands) as of June 30, 1985 is as follows:

	Fund Balance (a)	
	Employee Annuity Savings (b)	Retirement Accumulation Fund (c)
Employees' Retirement System	$ 314,391	$ 913,565
Teachers' Retirement System	652,397	1,710,1[illegible]
State Police Retirement System	29,476	132,425
Employees' Pension System	5,166	336,531
Teachers' Pension System	5,639	244,782
Judges' Pension System	5,570	
Total	$1,012,639	$3,337,476

Changes in the pension fund balances (amounts expressed in thousands) for the year ended June 30, 1985, were as follows:

	Fund Balance (a)	
	Employee Annuity Savings (b)	Retirement Accumulation Fund (c)
Balance, July 1, 1984	$ 985,334	$2,806,701
Increases:		
Member contributions	99,993	
Employer contributions		469,983
Investment and other income		426,482
Decreases:		
Benefit payments		(371,093)
Refunds	(59,681)	
Administrative expenses		(7,604)
Transfers to the Employee Annuity Savings Fund for interest credited to members' accounts	47,254	(47,254)
Transfers to the Retirement Accumulation Fund for contributions of retiring members	(60,261)	60,261
Balance, June 30, 1985	$1,012,639	$3,337,476

(a) The consulting actuary annually determines the changes in fund balances resulting from transfers of employees from the Employees' and Teachers' Retirement Systems to the Employees' and Teachers' Pension Systems and allocations of investment income. Such changes for the year ended June 30, 1985, will be determined as a result of an uncompleted actuarial valuation as of July 1, 1985, and, accordingly, the amounts of such changes will be included in the financial statements for the year ending June 30, 1986.

(b) Contributions made by members together with interest thereon are credited to the Employee Annuity Savings Fund.

(c) Contributions made by the employer and investment income thereon are credited to the Retirement Accumulation Fund.

16. Commitments:

At June 30, 1985, the Department of Transportation and Maryland Transportation Authority had commitments of approximately $314,596,000 and $40,000,000, respectively, for construction of highway and mass transit facilities. Approximately 70% of future expenditures related to the Department of Transportation commitments are expected to be reimbursed from proceeds of approved federal grants when the actual costs are incurred. The remaining portion will be funded by other financial resources of the Department.

The Department of Transportation, as lessor, leases terminal space at various marine terminals, airport facilities and office space pursuant to various operating leases. Minimum future rentals (amounts expressed in thousands) are as follows:

Years ending June 30,	Noncancellable Operating Leases Minimum Future Rentals
1986	$13,606
1987	10,738
1988	9,452
1989	8,328
1990	7,463
1991-1995	13,543
1996-2000	5,550
2001 and thereafter	10,640
	$79,320

Total minimum future rentals do not include contingent rentals that may be received under certain concession leases on the basis of a percentage of the concessionaire's gross revenue in excess of stipulated minimums.

Rent revenue was approximately $48,737,000 for the year ended June 30, 1985, including contingent rentals of approximately $14,168,000. Assets of the Department of Transportation subject to such operating lease agreements are included in the general fixed assets account group. The cost of these assets was approximately $236,457,000 at June 30, 1985.

As of June 30, 1985, direct mortgage loan programs included in the enterprise funds had unfunded mortgage loan commitments aggregating approximately $263,004,000. These commitments are expected to be funded from existing program resources and proceeds from revenue bonds to be issued.

In August 1981, the Maryland Transportation Authority (Authority) entered into an agreement with the City of Baltimore to finance the non-Federal share (approximately $100,000,000) plus accrued interest on the Federal share, which is estimated to approximate $20,000,000, of costs associated with the construction of a tunnel across the Patapsco River. The agreement is contingent upon the ability of the Authority to obtain the requisite financing. The Authority expects to recover their debt service and other costs through future net toll revenues of the tunnel. Tunnel construction began in 1980 and is expected to be completed in 1985.

At June 30, 1985, the Maryland State Lottery had commitments of approximately $17,500,000 for services to be rendered relating principally to the operation of the lottery games.

The State is insured for workers' compensation losses by the State Accident Fund under a contract, which provides for the State to pay premiums based upon loss experience plus a proportionate share of administrative costs. In the event of termination of the contract, the State is obligated for any premium deficiency existing at the time of termination. As of June 30, 1985, anticipated workers' compensation claims in the amount of $41,200,000 applicable to State employees were accrued in the nonexpendable trust fund. For the year ended June 30, 1985, the State paid the State Accident Fund approximately $11,701,000 in premiums.

17. Contingencies:

The State is party to legal proceedings, which normally occur in governmental operations. Other than the litigation discussed in Note 14, the legal proceedings are not, in the opinion of the Attorney General, likely to have a material, adverse impact on the financial position of the affected funds.

As of June 30, 1985, mortgage loan insurance programs included in the enterprise funds were contingently liable as insurer of mortgage loans payable, or portions of mortgage loans payable, in an aggregate amount of approximately $438,465,000 (including $313,393,000 for the economic development loan programs). In addition, there are commitments to insure mortgage loans which would represent additional contingent liabilities of approximately $70,767,000.

The State receives significant financial assistance from the U.S. Government. Entitlement to the resources is generally conditioned upon compliance with terms and conditions of the grant agreements and applicable Federal regulations, including the expenditure of the resources for eligible purposes. Substantially all grants are subject to financial and compliance audits by the grantors. Any disallowances as a result of these audits become a liability of the fund which receives the grant. As of June 30, 1985, the State estimates that no material liabilities will result from such audits.

COMBINING FINANCIAL STATEMENTS AND SCHEDULES

STATE OF MARYLAND

Combining Balance Sheet

Debt Service Funds

June 30, 1985

(Expressed in Thousands)

	General Obligation Bonds	Transportation Bonds	Total
Assets:			
Cash and short-term investments	$ 22,893	$ 1,298	$ 24,191
Investments		493,086	493,086
Taxes receivable	5,332		5,332
Loans and notes receivable, net	75,454		75,454
Loans to other funds	11,094		11,094
Total assets	$114,773	$494,384	$609,157
Liabilities:			
Matured bonds and interest coupons payable	$ 2,020		$ 2,020
Total liabilities	2,020		2,020
Fund balances:			
Reserved for:			
Loans and notes receivable	22,830		22,830
Unreserved:			
Designated for:			
General obligation bond debt service	89,923		89,923
Transportation bond debt service		$494,384	494,384
Total fund balances	112,753	494,384	607,137
Total liabilities and fund balances	$114,773	$494,384	$609,157

STATE OF MARYLAND

Combining Statement of Revenues, Expenditures, Other Sources and Uses of Financial Resources and Changes in Fund Balances Debt Service Funds for the year ended June 30, 1985

(Expressed in Thousands)

	General Obligation Bonds	Transportation Bonds	Total
Revenues:			
Other taxes	$101,803		$ 101,803
Interest and other investment income	4,478	$ 39,658	44,136
Other	1,546		1,546
Total revenues	107,827	39,658	147,485
Expenditures:			
Debt service:			
Principal retirement	222,010	4,435	226,445
Interest	158,079	48,958	207,037
Total expenditures	380,089	53,393	433,482
Deficiency of revenues over expenditures	(272,262)	(13,735)	(285,997)
Other sources of financial resources:			
Operating transfers in	256,744	89,581	346,325
Operating transfers out	(2,500)	(2,248)	(4,748)
Net other sources of financial resources	254,244	87,333	341,577
Excess (deficiency) of revenues over expenditures and other sources of financial resources	(18,018)	73,598	55,580
Fund balances, July 1, 1984	130,771	420,786	551,557
Fund balances, June 30, 1985	$112,753	$494,384	$607,137

STATE OF MARYLAND

Combining Balance Sheet

Enterprise Funds

June 30, 1985

(Expressed in Thousands)

	Economic Development		Maryland Food Center Authority	Maryland Transportation Authority	Maryland State Lottery	Maryland Environmental Service	State Use Industries	Maryland Higher Education Loan Corporation	Maryland Deposit Insurance Fund Corporation	Total
	Insurance Programs	Loan Programs								
Assets:										
Cash and short-term investments	$ 52,188	$ 392,876	$ 324	$ 4,420	$10,602	$ 2,138	$1,321	$ 917	$ 3,878	$ 468,664
Investments	54,864	188,464	6,537	3,125	53,225			19,975	244,519	570,709
Intergovernmental receivables						837		3,938		4,775
Other accounts receivable	11	180		521	4,938	2,609	940			9,199
Inventories				242			2,607			2,849
Loans and notes receivable	2,001	843,444	122						51,215	896,782
Property, plant, and equipment, net		4,103	16,704	715,154	8,775	15,338	1,115	249	209	761,647
Restricted assets				183,587						183,587
Other assets	2,453	34,750		3,392	74	3,794			20	44,483
Total assets	$111,517	$1,463,817	$23,687	$910,441	$77,614	$24,716	$5,983	$25,079	$ 299,841	$2,942,695
Liabilities:										
Accounts payable and accrued liabilities	$ 137	31,049	$ 507	$ 2,045	$ 2,082	$ 4,947	$ 413	$ 326	$ 2,796	$ 44,302
Due to other funds								856		856
Lottery prizes					58,794					58,794
Accrued insurance and loan losses	5,374							486	325,100	330,960
Other liabilities		18,341	4,343	1,000	1,611			2,064	5,504	32,863
Deferred revenue	1,793	5,137	57	485	3,327		1,000	10,724		22,523
Loans from other funds			11,094				2,000			13,094
Capital notes									88,862	88,862
Notes payable		25,231							12,000	37,231
Liabilities payable from restricted assets				8,755						8,755
Deferred federal income taxes									25,282	25,282
Revenue bonds payable		1,155,016		115,495		5,170				1,275,681
Total liabilities	7,304	1,234,774	16,001	127,780	65,814	10,117	3,413	14,456	459,544	1,939,203
Capital:										
Contributed capital	62,793	127,220		4,331		14,067	396			208,807
Capital deposits by members									144,224	144,224
Retained earnings:										
Reserved				173,833	4,636					178,469
Unreserved (deficit)	41,420	101,823	7,686	604,497	7,164	532	2,174	10,623	(303,927)	471,992
Total capital (deficit)	104,213	229,043	7,686	782,661	11,800	14,599	2,570	10,623	(159,703)	1,003,492
Total liabilities and capital	$111,517	$1,463,817	$23,687	$910,441	$77,614	$24,716	$5,983	$25,079	$ 299,841	$2,942,695

STATE OF MARYLAND

Combining Statement of Revenues, Expenses and Changes in Retained Earnings

Enterprise Funds

for the year ended June 30, 1985

(Expressed in Thousands)

	Economic Development		Maryland Food Center Authority	Maryland Transportation Authority	Maryland State Lottery	Maryland Environmental Service	State Industries	Maryland Higher Education Loan Corporation	Maryland Deposit Insurance Fund Corporation	Total
	Insurance Programs	Loan Programs								
Operating revenues:										
Lottery ticket sales					$ 681,068					$ 681,068
Charges for services and sales	$ 3,141	$ 21	$2,039	$ 74,341		$ 18,321	$8,254	$ 1,586		107,703
Interest and other investment income	8,263	124,101	666	18,473				2,171	$ 3,431	157,105
Other	80	3,131	15	351	7,078	245		2,586	10	13,496
Total operating revenues	11,484	127,253	2,720	93,165	688,146	18,566	8,254	6,343	3,441	959,372
Operating expenses:										
Prizes and claims					367,228					367,228
Commissions and bonuses					27,375					27,375
Cost of sales and services							6,303	15,192		21,495
Operation and maintenance of facilities		11,853		38,061		16,250				66,164
General and administrative	1,979	4,374	1,046	3,357	26,681	2,039	1,211	3,323	182	44,192
Interest		99,193	885	7,709		448			1,295	109,530
Depreciation and amortization		1,274	374	139	3,559	1,358	165	17	10	6,896
Provision for insurance and loan losses	2,620	327						(473)		2,474
Payments to subdivisions, net					13,502			58		13,560
Other		1,570								1,570
Total operating expenses	4,599	118,591	2,305	49,266	438,345	20,095	7,679	18,117	1,487	660,484
Operating income (loss) before operating grants and transfers	6,885	8,662	415	43,899	249,801	(1,529)	575	(11,774)	1,954	298,888
Non-operating revenues–operating grants		11,183						13,907		25,090
Operating transfers in								842	105	947
Operating transfers out		(324)			(250,170)			(2,023)		(252,517)
Net income (loss)	6,885	19,521	415	43,899	(369)	(1,529)	575	952	2,059	72,408
Add: Depreciation of cost of assets acquired from contributed capital		96				1,310	3			1,409
Less: Acquisition of Maryland Savings-Share Insurance Corporation									(305,986)	(305,986)
Increase (decrease) in retained earnings	6,885	19,617	415	43,899	(369)	(219)	578	952	(303,927)	(232,169)
Retained earnings, July 1, 1984	34,535	82,206	7,271	734,431	12,169	751	1,596	9,671		882,630
Retained earnings (deficit), June 30, 1985	$41,420	$101,823	$7,686	$778,330	$ 11,800	$ 532	$2,174	$10,623	$(303,927)	$ 650,461

STATE OF MARYLAND

Combining Statement of Changes in Financial Position

Enterprise Funds

for the year ended June 30, 1985

(Expressed in Thousands)

	Economic Development		Maryland Food Center Authority	Maryland Transportation Authority	Maryland State Lottery	Maryland Environmental Service	State Use Industries	Maryland Higher Education Loan Corporation	Maryland Deposit Insurance Fund Corporation	Total
	Insurance Programs	Loan Programs								
Sources of financial resources:										
Operations:										
Net income (loss)	$ 6,885	$ 19,521	$ 415	$43,899	$ (369)	$(1,529)	$ 575	$ 952	$ 2,059	$ 72,408
Expenses not requiring current outlay of financial resources:										
Depreciation and amortization		1,274	374	139	3,559	1,358	165	17	10	6,896
Other							4			4
Total sources (uses) of financial resources from operations	6,885	20,795	789	44,038	3,190	(171)	744	969	2,069	79,308
Increase (decrease) in accounts payable and accrued liabilities	30	13,768	56	1,257	374	(585)	39	(176)	1,372	16,135
Increase in due to other funds								856		856
Increase (decrease) in accrued insurance and loan losses	2,360							(685)		1,675
Increase in lottery prizes					31,933					31,933
Issuance of revenue bonds		360,195								360,195
Increase in current liabilities payable from restricted assets				3,525						3,525
Contributed capital	4,298	14,254				6,155	(2)			24,705
Total sources of financial resources	13,573	409,012	845	48,820	35,497	5,399	781	964	3,441	518,332
Uses of financial resources:										
Increase (decrease) in investments	21,262	58,227	(129)	159	30,158			2,604	10,798	123,079
Increase (decrease) in other accounts, loans and notes receivable	379	188,486	(29)	34	(1,908)	483	(91)	545	286	188,185
Increase in inventories				20			883			903
Decrease in loans from other funds			278			2,500				2,778
Acquisition (disposal) of fixed assets		1,300	985	19,293	1,176	(2,859)	529	36	54	20,514
Increase in restricted assets				28,522						28,522
Repayment of notes payable		37,694								37,694
Retirement of revenue bonds		35,152		1,105		2,664				38,921
Other, net	603	1,044	(469)	(1,313)	(1,019)	3,662	(959)	(1,265)	(12)	272
Total uses of financial resources	22,244	321,903	636	47,820	28,407	6,450	362	1,920	11,126	440,868
Net increase (decrease) in unrestricted cash and short-term investments	$(8,671)	$ 87,109	$ 209	$ 1,000	$ 7,090	$(1,051)	$ 419	$ (956)	$(7,685)	$ 77,464

STATE OF MARYLAND

Combining Balance Sheet

Fiduciary Fund Types

June 30, 1985

(Expressed in Thousands)

	Expendable Trust Funds				Agency Funds					
	Deferred Compensation Plan	Employment Security Administration	Non-expendable Trust Fund	Pension Trust Fund	Patient and Prisoner Accounts	Local Highway Grants	Local Admissions and Amusement Taxes	Local Income Taxes	Payroll Taxes and Fringe Benefits	Total
Assets:										
Cash and short-term investments		$ 1,481	$ 15,534		$3,801	$2,131	$6,321	$110,888	$21,707	$ 161,863
Investments	$184,565		185,218	$4,379,526					31,573	4,780,882
Amount on deposit with U.S. Treasury		324,591								324,591
Taxes receivable		91,614								91,614
Other accounts receivable	3,410		2,671	7,252					12,171	25,504
Due from other funds								163,952	7,808	171,760
Inventories			75							75
Property, plant, and equipment, net			1,281							1,281
Total assets	$187,975	$417,686	$204,779	$4,386,778	$3,801	$2,131	$6,321	$274,840	$73,259	$5,557,570
Liabilities:										
Accounts payable and accrued liabilities	$ 62	$ 5,916		$ 34,437	$3,801				$70,295	$ 114,511
Due to other funds							$1,572		2,964	4,536
Accounts payable to political subdivisions and local income tax refunds						$2,131	4,749	$274,840		281,720
Accrued insurance losses			$139,200							139,200
Other liabilities			3,079	2,226						5,305
Deferred revenue			10,281							10,281
Total liabilities	62	5,916	152,560	36,663	3,801	2,131	6,321	274,840	73,259	555,553
Fund balances:										
Reserved for:										
Pension benefits				4,350,115						4,350,115
Workers' compensation benefits			42,763							42,763
Unemployment compensation benefits		411,770								411,770
Unrealized market depreciation on investments			9,456							9,456
Unreserved:										
Designated for deferred compensation benefits	187,913									187,913
Total fund balances	187,913	411,770	52,219	4,350,115						5,002,017
Total liabilities and fund balances	$187,975	$417,686	$204,779	$4,386,778	$3,801	$2,131	$6,321	$274,840	$73,259	$5,557,570

STATE OF MARYLAND

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Expendable Trust Funds

for the year ended June 30, 1985

(Expressed in Thousands)

	Deferred Compensation Plan	Employment Security Administration	Total
Revenues:			
Other taxes		$348,486	$348,486
Interest and other investment income	$ 19,899		19,899
Contributions	21,156		21,156
Federal revenue		30,397	30,397
Total revenues	41,055	378,883	419,938
Expenditures:			
Employment and training		217,822	217,822
Personnel and retirement	11,038		11,038
Total expenditures	11,038	217,822	228,860
Excess of revenues over expenditures	30,017	161,061	191,078
Fund balances, July 1, 1984	157,896	250,709	408,605
Fund balances, June 30, 1985	$187,913	$411,770	$599,683

STATE OF MARYLAND

Combining Statement of Changes in Assets and Liabilities – All Agency Funds

for the year ended June 30, 1985

(Expressed in Thousands)

	Balance July 1, 1984	Additions	Deletions	Balance June 30, 1985
Patient and Prisoner Accounts				
Assets:				
Cash and short-term investments	$ 3,798	$ 10,117	$ 10,114	$ 3,801
Liabilities:				
Accounts payable and accrued liabilities	$ 3,798	$ 8,032	$ 8,029	$ 3,801
Local Highway Grants				
Assets:				
Cash and short-term investments	$ 771	$ 103,004	$ 101,644	$ 2,131
Liabilities:				
Accounts payable to political subdivisions	$ 771	$ 103,004	$ 101,644	$ 2,131
Local Admissions and Amusement Taxes				
Assets:				
Cash and short-term investments	$ 5,687	$ 19,946	$ 19,312	$ 6,321
Liabilities:				
Due to other funds		$ 1,572		$ 1,572
Accounts payable to political subdivisions	$ 5,687	18,374	$ 19,312	4,749
Total liabilities	$ 5,687	$ 19,946	$ 19,312	$ 6,321
Local Income Taxes				
Assets:				
Cash and short-term investments	$ 89,169	$ 838,116	$ 816,397	$ 110,888
Due from other funds	146,826	163,952	146,826	163,952
Total assets	$235,995	$1,002,068	$ 963,223	$274,840
Liabilities:				
Accounts payable to political subdivisions and local income tax refunds	$235,995	$ 846,929	$ 808,084	$274,840
Payroll Taxes and Fringe Benefits:				
Assets:				
Cash and short-term investments	$ 1,455	$2,182,381	$2,162,129	$ 21,707
Investments	27,550	1,278,669	1,274,646	31,573
Other accounts receivable	9,780	488,432	486,041	12,171
Due from other funds	16,611	88,579	97,382	7,808
Total assets	$ 55,396	$4,038,061	$4,020,198	$ 73,259
Liabilities:				
Accounts payable and accrued liabilities	$ 51,549	$ 601,631	$ 582,885	$ 70,295
Due to other funds	3,847	3,009	3,892	2,964
Total liabilities	$ 55,396	$ 604,640	$ 586,777	$ 73,259
Totals - All Agency Funds				
Assets:				
Cash and short-term investments	$100,880	$3,153,564	$3,109,596	$144,848
Investments	27,550	1,278,669	1,274,646	31,573
Other accounts receivable	9,780	488,432	486,041	12,171
Due from other funds	163,437	252,531	244,208	171,760
Total assets	$301,647	$5,173,196	$5,114,491	$360,352
Liabilities:				
Accounts payable and accrued liabilities	$ 55,347	$ 609,663	$ 590,914	$ 74,096
Due to other funds	3,847	4,581	3,892	4,536
Accounts payable to political subdivisions and local income tax refunds	242,453	968,307	929,040	281,720
Total liabilities	$301,647	$1,582,551	$1,523,846	$360,352

STATE OF MARYLAND

Schedule of Fixed Assets and Accumulated Depreciation

June 30, 1985

(Expressed in Thousands)

	Land and Improvements	Structure and Improvements	Equipment	Construction in Progress	Total Cost	Accumulated Depreciation	Total Cost Less Accumulated Depreciation
Proprietary Fund Type (by fund)							
Economic Development Loan Programs	$ 380	$ 3,839	$ 317	$ 832	$ 5,368	$ 1,265	$ 4,103
Maryland Food Center Authority	8,210	9,848	186		18,244	1,540	16,704
Maryland Transportation Authority		715,154			715,154		715,154
Maryland State Lottery			12,123		12,123	3,348	8,775
Maryland Environmental Service		20,998	2,755		23,753	8,415	15,338
State Use Industries		112	2,606		2,718	1,603	1,115
Maryland Higher Education Loan Corporation			321		321	72	249
Maryland Deposit Insurance Fund Corporation			219		219	10	209
Total	$ 8,590	$ 749,951	$ 18,527	$ 832	$ 777,900	$16,253	$ 761,647
Fiduciary Fund Types							
Nonexpendable Trust Fund	$ 164		$ 1,387		$ 1,551	$ 270	$ 1,281
General Fixed Assets (by function)							
General government	$ 22,238	$ 221,310	$ 50,110	$ 42,101	$ 336,759		$ 336,759
Education		14,015	6,952		20,967		20,967
Human resources	356	5,166	12,569		18,091		18,091
Health and mental hygiene	21,746	241,667	36,646	22,887	322,946		322,946
Transportation	134,788	1,047,681	273,271	187,939	1,643,679		1,643,679
Public safety and judicial	17,718	204,719	60,495	10,709	293,641		293,641
Economic and community development	2,402	5,144	1,138	3,899	12,583		12,583
Natural resources and recreation	206,921	36,863	22,103	7,704	273,591		273,591
Agriculture	56	14,867	4,515		19,438		19,438
Personnel and retirement			1,020		1,020		1,020
Total	$407,225	$1,791,432	$468,819	$275,239	$2,942,715		$2,942,715
Higher Education	$ 50,464	$ 786,247	$319,244	$ 9,022	$1,164,977		$1,164,977

STATE OF MARYLAND

Schedule of Changes in General Fixed Assets by Function

for the year ended June 30, 1985

(Expressed in Thousands)

	Balance July 1, 1984	Additions	Deletions	Transfer In (Out)	Balance June 30, 1985
Function:					
General government	$ 329,041	$ 9,740	$ 2,126	$ 104	$ 336,759
Education	20,220	895	153	5	20,967
Human resources	16,573	1,999	481		18,091
Health and mental hygiene	309,789	19,386	6,247	18	322,946
Transportation	1,548,824	100,984	6,129		1,643,679
Public safety and judicial	262,769	36,341	5,352	(117)	293,641
Economic and community development	12,120	812	339	(10)	12,583
Natural resources and recreation	251,381	24,424	2,214		273,591
Agriculture	18,799	876	237		19,438
Personnel and retirement	953	176	109		1,020
Total	$2,770,469	$195,633	$23,387	$ -0-	$2,942,715

STATE OF MARYLAND

Schedule of Estimated and Actual Revenues

By Source—Budgetary Basis

for the year ended June 30, 1985

(Expressed in Thousands)

Source	Annual Budgeted Funds						Capital Projects Fund	Other Funds	Total
	General Fund		Special Fund		Federal Fund				
	Estimated Revenues	Actual Revenues	Estimated Revenues	Actual Revenues	Estimated Revenues	Actual Revenues	Actual Revenues	Actual Revenues	Actual Revenues
Taxes:									
Property tax	$ 14,812		$ 131,513	$ 105,383				$ 46,852	$ 152,235
Franchise and corporation tax	110,937	$ 113,825	8,327	8,324					122,149
Death taxes	37,548	39,510							39,510
Recordation tax								548	548
Admission and amusement tax			853	822					822
Alcoholic beverage tax	18,900	19,007	9,714	9,424					28,431
Motor vehicle fuel taxes	6,270		293,939	297,015					297,015
Income taxes	1,905,742	1,909,318	95,985	72,802					1,982,120
Retail sales and use taxes	1,097,733	1,098,445							1,098,445
Cigarette tax	51,000	51,674	15,100	15,002					66,676
Other tobacco taxes		175	34	79					254
Motor vehicle titling taxes	750		205,000	259,189					259,189
Insurance company taxes	78,760	82,012		236					82,248
Horse racing taxes	11,483	10,377	4,024	4,008					14,385
Shellfish taxes			3,247	636					636
Boxing, wrestling or sparring taxes	235	291							291
Apple tax			34	26					26
Boat titling tax			9,020	9,517					9,517
Energy generation tax			5,245	5,946					5,946
Emergency telephone system tax			8,499	3,863					3,863
Unemployment insurance taxes								348,486	348,486
Total taxes	3,334,170	3,324,634	790,534	792,272				395,886	4,512,792
Other:									
Licenses and permits	9,967	11,514	111,086	123,917				8	135,439
Fees for services	20,190	23,737	94,415	109,608		$ 26,932		147,221	307,498
Fines and costs	35,291	34,339	46	1,464		2		5,261	41,066
Sales to the public	1,041	1,458	40,112	35,009		47		406,247	442,761
Commissions and royalties	57	116	15,255	15,403		3		17	15,539
Rentals	764	758	36,195	40,509		39		1,460	42,766
Interest on investments	39,385	43,524	18,968	17,852		39	$ 4,264	593,206	658,885
Interest on loan repaymnts			10,131	11,374				61,902	73,276
Miscellaneous	14,189	14,372	5,187	12,614	$ 112	97		290	27,373
Colleges and Universities	1,137	945	339,974	313,089	103,966	91,817		55,970	461,821
Federal reimbursements and grants	41,400	38,569	3,091	7,648	1,447,444	1,338,031	(6,189)	45,161	1,423,220
Other reimbursements	29,310	23,668	92,254	51,303		2,251		(8,685)	68,537
Provisions for refunds								762	762
Bond issues:									
State general purpose				181			138,990	198	139,369
Consolidated Transportation Bonds			50,000						
Loan repayments			12,309	(338)				3,263	2,925
State reimbursements	243,343	250,914	200,369	193,571	15,023	5,453	28,303	75,489	553,730
Trust funds			5,050	4,573				13,782	18,355
Revolving accounts		368	5,173	6,331		596		5,586	12,881
Reduction of expenditures	313	879		70		403		49	1,401
Advance collections				9				(32)	(23)
Contributions								589,875	589,875
Total revenues	$3,770,557	$3,769,795	$1,830,149	$1,736,459	$1,566,545	$1,465,710	$165,368	$2,392,916	$9,530,248

STATE OF MARYLAND

Schedule of Budget and Actual Expenditures and Encumbrances by Major Function – Budgetary Basis for the year ended June 30, 1985

(Expressed in Thousands)

Expenditures and Encumbrances by Major Function	Annual Budgeted Funds						Capital Projects Fund	Other Funds	Total
	General Fund		Special Fund		Federal Fund				
	Final Budget	Actual	Final Budget	Actual	Final Budget	Actual	Actual	Actual	Actual
Payments of revenue to civil divisions of the State	$ 126,850	$ 126,846	$ 54,781	$ 54,432					$ 181,278
Public debt	98,000	98,000	282,088	282,088					380,088
Legislative	24,228	23,854	132	52					23,906
Judicial review and legal	88,103	87,460	948	892	$ 813	$ 692		$ 5,213	94,257
Executive and administrative control	29,941	29,604	1,496	713	20,058	18,183		2,332	50,832
Financial and revenue administration	108,841	104,147	31,764	31,105				404,486	539,738
Budgetary and fiscal administration	4,494	4,406	409	234					4,640
Personnel administration, retirement, and employee relations	32,297	31,976	14,519	12,037				511,305	555,318
State planning	4,096	4,096	819	798	475	243		41	5,178
General services	26,371	26,369			530	438		349	27,156
Transportation and highways			908,370	865,012	468,972	413,914		86,262	1,365,188
Natural resources and recreation	41,108	40,902	61,402	54,770	15,451	11,651		17,612	124,935
Agriculture	12,749	12,168	10,830	10,493	2,238	2,098		890	25,649
Health, hospitals, and mental hygiene	905,137	904,169	30,547	29,185	363,357	361,419		(3,472)	1,291,301
Human resources	247,552	241,806	8,182	5,621	285,195	278,065		(3,347)	522,145
Licensing and regulation	18,223	18,123	2,400	2,192	2,628	2,476		988	23,779
Public safety and correctional services	264,220	264,206	36,260	31,148	1,485	1,330		(746)	295,938
Public education	1,745,848	1,740,645	362,832	351,230	300,413	289,214		21,741	2,402,830
Economic and community development	18,671	18,660	22,348	14,777	19,890	15,457		97,951	146,845
Employment and training	3,362	3,281	22	22	85,040	75,850		218,419	297,572
Construction reimbursement								7	7
Loan accounts							$153,029		153,029
Miscellaneous								20,928	20,928
Reversions:									
Current year reversions	(10,000)								
Prior year reversions		(2,448)		(2,452)		(5,177)			(10,077)
Total expenditures and encumbrances	$3,790,091	$3,778,270	$1,830,149	$1,744,349	$1,566,545	$1,465,853	$153,029	$1,380,959	$8,522,460

STATE OF MARYLAND

Schedule of Changes in Fund Equities—Budgetary Basis

for the year ended June 30, 1985

(Expressed in Thousands)

	General Fund	Special Fund: Other Special	Special Fund: Debt Service	Federal Fund	Capital Projects Fund	Other Funds	Total
Fund equities, July 1, 1984	$ 41,265	$ 267,860	$130,771		$ 158,038	$6,816,747	$7,414,681
Adjustments						(68,988)[1]	(68,988)
Fund equities, restated	41,265	267,860	130,771		158,038	6,747,759	7,345,693
Increase:							
Revenues	3,769,795	1,476,701	259,758	$1,465,710	165,368	2,392,916	9,530,248
Decrease:							
Appropriations	3,800,091	1,548,060	282,088	1,566,545			
Less: Current year reversions	(19,373)	(83,347)		(95,515)			
Prior year reversions	(2,448)	(2,452)		(5,177)			
Expenditures and encumbrances	3,778,270	1,462,261	282,088	1,465,853	153,029	1,380,959	8,522,460
Changes to encumbrances during year	1,467	(3,567)		(802)			(2,902)
Expenditures	3,779,737	1,458,694	282,088	1,465,051	153,029	1,380,959	8,519,558
Transfers in (out)	37,963	36,643	4,312	(659)	(3,175)	(75,084)	
Changes in contributed capital						(4,307)	(4,307)
Increase in unrealized market appreciation of investments						15,411	15,411
Acquisition of Maryland Savings-Share Insurance Corporation		65,712[2]				(227,474)[2]	(161,762)
Fund equities, June 30, 1985	$ 69,286	$ 388,222	$112,753	$ -0-	$167,202	$7,468,262	$8,205,725
Invested in fixed assets						$1,115,905	$1,115,905
Contributed capital						208,807	208,807
Capital deposits by members						144,224	144,224
Retained earnings:							
Reserved						178,469	178,469
Unreserved						471,992	471,992
Fund Balance:							
Reserved:							
Encumbrances	$ 18,157	$ 31,792		$ 23,984	$292,437		366,370
Loans and notes receivable			$ 22,830				22,830
Loans to other funds	2,000						2,000
Higher education programs						29,437	29,437
Shore erosion loan program		10,070					10,070
Endowment and similar funds						27,943	27,943
Pension benefits						4,350,115	4,350,115
Workers' compensation benefits						42,763	42,763
Unemployment compensation benefits						411,770	411,770
Unrealized market appreciation on investments						9,456	9,456
Unreserved:							
Designated for:							
General long-term service			89,923				89,923
Transportation debt service						494,384	494,384
Deferred compensation benefits						157,896	157,896
Fiscal year 1986 operations	1,547						1,547
Undesignated (deficit)	47,582	346,360		(23,984)	(125,235)	(174,899)	69,824
Total	$ 69,286	$ 388,222	$112,753	$ -0-	$167,202	$7,468,262	$8,205,725

[1] The fund balance pertaining to the University Hospital is no longer included in other funds since it became an independent self-governing unit effective July 1, 1984. In addition, the accounting treatment for certain non-budgeted accounts was changed to recognize the activity as an agency fund. The beginning fund balance has been restated to reflect these changes.

[2] During fiscal year 1985 the State acquired the Maryland Savings-Share Insurance Corporation. Fund balances have been adjusted to reflect this addition.

STATE OF MARYLAND

Schedule of Funds Transferred to Political Subdivisions

for the year ended June 30, 1985[1]

(Expressed in Thousands)

Subdivision[2]	State Sources				Other Sources			Assessed Value of Real and Personal Property[2]	Amount Per $100 of Assessed Value
	Shared Revenues	Direct Grants and Appropriations	Debt Service	Total	Federal Funds	State Administered Local Revenue	Total		
Allegany	$ 2,830	$ 31,495	$ 5,641	$ 39,966	$ 7,334	$ 9,138	$ 56,438	$ 714,575	$ 7.90
Anne Arundel	13,520	143,724	23,990	181,234	18,487	88,890	288,611	4,882,649	5.91
Baltimore County	24,493	206,099	15,653	246,245	23,898	165,145	435,288	8,081,264	5.39
Calvert	1,733	14,357	3,737	19,827	3,043	3,353	26,223	1,216,912	2.15
Caroline	1,711	10,657	2,173	14,541	2,544	2,974	20,059	178,365	11.25
Carroll	4,574	37,177	6,289	48,040	4,773	20,191	73,004	1,212,203	6.02
Cecil	2,873	27,809	3,480	34,162	4,565	9,251	47,978	587,523	8.17
Charles	3,235	39,181	8,056	50,472	5,673	16,078	72,223	1,110,085	6.51
Dorchester	1,959	12,649	4,162	18,770	3,544	3,648	25,962	308,179	8.42
Frederick	5,277	48,518	9,508	63,303	6,161	24,102	93,566	1,427,516	6.55
Garrett	2,274	13,630	2,844	18,748	2,901	2,743	24,392	307,133	7.94
Harford	5,386	60,179	11,169	76,734	8,174	29,206	114,114	1,566,530	7.28
Howard	5,253	47,827	11,191	64,271	4,676	41,108	110,055	2,362,608	4.66
Kent	1,055	6,661	987	8,703	1,489	2,252	12,444	202,011	6.16
Montgomery	19,760	190,675	19,162	229,597	22,625	207,794	460,016	12,904,614	3.56
Prince George's	17,888	250,617	19,745	288,250	37,117	135,800	461,167	7,684,621	6.00
Queen Anne's	1,906	11,197	2,075	15,178	2,056	4,933	22,167	371,246	5.97
St. Mary's	2,611	24,608	4,192	31,411	4,473	9,861	45,745	619,477	7.38
Somerset	1,328	8,538	2,931	12,797	3,144	1,810	17,751	163,422	10.86
Talbot	1,617	7,337	960	9,914	1,859	4,402	16,175	491,484	3.29
Washington	4,008	41,290	6,572	51,870	7,801	16,286	75,957	1,074,298	7.07
Wicomico	3,116	26,121	3,756	32,993	5,465	9,924	48,382	736,949	6.57
Worcester	2,096	10,430	2,872	15,398	2,460	4,028	21,886	1,009,793	2.17
Baltimore City	108,829	443,636	31,317	583,782	175,075	106,917	865,774	5,107,997	16.95
Total	$239,332	$1,714,412	$202,462	$2,156,206	$359,337	$919,834	$3,435,377	$54,321,454	

[1] In addition to the amounts shown for counties and Baltimore City, $42,101,000 was distributed to municipalities within the counties.

[2] Source: *Forty-first Report of the State Department of Assessments and Taxation*, dated January 1985. Amounts shown are the local subdivisions' assessable base only.

STATE OF MARYLAND

Schedule of Taxes Receivable from Collectors of State Property Taxes

June 30, 1985

(Expressed in Thousands)

Political Subdivision	Taxes Receivable		
	Current Year	Prior Years	Total
Allegany	$ 87	$ 129	$ 216
Anne Arundel	56	108	164
Baltimore County	36	423	459
Calvert	79	9	88
Caroline	30	15	45
Carroll	124	18	142
Cecil	97	5	102
Charles	6	56	62
Dorchester	56	32	88
Frederick	254	86	340
Garrett	58	16	74
Harford	26	73	99
Howard	19	156	175
Kent	37	6	43
Montgomery	145	1,271	1,416
Prince George's	120	391	511
Queen Anne's	2	8	10
St. Mary's	105	39	144
Somerset	39	29	68
Talbot	(45)	(7)	(52)
Washington	140	48	188
Wicomico	93	60	153
Worcester	88	27	115
Baltimore City	102	580	682
Total	$1,754	$3,578	$5,332

STATE OF MARYLAND

Schedule of Estimated Revenues—Budgetary Basis

for the year ending June 30, 1986

(Expressed in Thousands)

	General Fund	Special Fund	Federal Fund	Current Unrestricted Fund	Current Restricted Fund	Total
Property taxes	$ 14,000	$ 131,814[1]				$ 145,814
Franchise and corporation taxes	119,427	4,773				124,200
Death taxes	39,848					39,848
Alcoholic beverage taxes and licenses	19,250	10,050				29,300
Admission taxes		892				892
Motor vehicle fuel taxes and licenses	6,300	305,600				311,900
Income taxes	2,068,500	78,841				2,147,341
Retail sales and use tax and licenses	1,183,538					1,183,538
State tobacco tax and licenses	50,200	14,800				65,000
Motor vehicle tax and licenses	750	359,795				360,545
Insurance company taxes, licenses and fees	82,698					82,698
Horse race taxes and licenses	500	2,050				2,550
District courts fines and costs	36,277					36,277
Interest on investments	30,850	10,000				40,850
Hospital patient recoveries	81,800					81,800
Miscellaneous taxes, fees and other revenues	20,450	22,351[2]				42,801
Legislative	431	54				485
Judicial review and legal	12,615	884	$ 855			14,354
Executive and administrative control		1,081	19,790			20,871
Financial and revenue administration	271,960	27,967				299,927
Budgetary and fiscal administration	500	310				810
Personnel administration, retirement, and employee relations	3,165	15,207				18,372
State planning		814	350			1,164
General services	94	160				254
Transportation and highways		228,320	497,422			725,742
Natural resources and recreation	6	38,990	9,665			48,661
Agriculture	98	9,830	2,267			12,195
Health, hospitals, and mental hygiene	7,558	30,238	388,586			426,382
Human resources	791	8,231	294,512			303,534
Licensing and regulation	6,235	1,445	2,588			10,268
Public safety and correctional services	560	25,823	3,463			29,846
Public education	1,226	26,359	199,792	$720,552	$158,392	1,106,321
Economic and community development		26,909	17,454			44,363
Employment and training	3,147		92,868			96,015
Total	4,062,774	1,383,588	1,529,612	720,552	158,392	7,854,918
Transfer from other funds	12,500					12,500
Deductions from motor vehicle revenue: Comptroller of the treasury clerks of court deficiency fund		(2,300)				(2,300)
Total estimated revenues	$4,075,274	$1,381,288	$1,529,612	$720,552	$158,392	$7,865,118[3]

[1] Includes $107,814,000 recorded as Debt Service Fund for accounting purposes.

[2] Includes $20,675,000 recorded as Debt Service Fund for accounting purposes.

[3] Amounts are estimated at July 1, 1985, and do not reflect revisions, if any, subsequent to that date.

STATE OF MARYLAND

Schedule of General, Special, and Federal Fund Appropriations—Budgetary Basis for the year ending June 30, 1986

(Expressed in Thousands)

Functions	General Fund	Special Fund	Federal Fund	Current Unrestricted Fund	Current Restricted Fund	Total
Payments of revenue to civil divisions of the State	$ 57,200	$ 31,306				$ 88,506
Public debt	113,000	128,489 [1]				241,489
Legislative	25,903	54				25,957
Judicial review and legal	96,984	884	$ 855			98,723
Executive and administrative control	35,135	1,081	19,790			56,006
Financial and revenue administration	110,496	34,125				144,621
Budgetary and fiscal administration	4,594	310				4,904
Personnel administration, retirement, and employee relations	90,887	15,207				106,094
State planning	4,228	814	350			5,392
General services	27,977	160				28,137
Transportation and highways		967,425	497,422			1,464,847
Natural resources and recreation	45,011	64,715	9,665			119,391
Agriculture	13,906	10,780	2,267			26,953
Health, hospitals, and mental hygiene	962,143	30,238	388,586			1,380,967
Human resources	272,312	8,731	294,512			575,555
Licensing and regulation	18,319	1,445	2,588			22,352
Public safety and correctional services	352,738	31,906	3,463			388,107
Public education	1,844,955	26,709	199,792	$720,552	$158,392	2,950,400
Economic and community development	19,734	26,909	17,454			64,097
Employment and training	3,800		92,868			96,668
Total appropriations	$4,099,322	$1,381,288	$1,529,612	$720,552	$158,392	$7,889,166 [2]

[1] Recorded as Debt Service Fund for accounting purposes.

[2] Amounts are reported as of July 1, 1985, and do not reflect revisions, if any, subsequent to that date.

STATISTICAL SECTION

STATE OF MARYLAND
Schedule of General Government Revenues by Source, Expenditures by Function and Other Sources (Uses) of Financial Resources and Changes in Fund Balances General, Special Revenue, Debt Service and Capital Projects Funds Last Ten Fiscal Years
(Expressed in Thousands)

	Year ended June 30,									
	1985	1984	1983	1982	1981	1980	1979	1978	1977	1976
Revenues:										
Income taxes	$1,968,106	$1,803,939	$1,558,515	$1,452,355	$1,363,909	$1,219,352	$1,107,459	$ 996,920	$ 908,254	$ 834,592
Retail sales and use taxes	1,098,445	988,284	865,087	797,397	753,674	712,815	699,188	628,059	465,858	419,412
Motor vehicle taxes and fees	683,774	635,602	518,274	436,633	417,302	414,178	431,010	415,057	372,294	345,509
Other taxes	584,254	574,353	550,664	510,021	478,221	438,558	395,457	354,245	360,193	289,334
Other licenses and fees	77,497	70,387	57,488	49,426	38,463	35,882	35,732	36,404	32,928	30,137
Charges for services	266,453	229,160	185,585	193,157	174,986	143,331	117,219	190,156	171,167	143,778
Interest and other investment income	104,262	84,421	96,621	124,999	115,358	111,239	79,554	34,807	22,345	16,577
Other	134,298	111,128	87,588	80,872	107,517	123,157	135,679	41,028	16,102	11,790
Federal revenue	1,253,000	1,146,614	1,097,953	928,906	1,029,790	996,053	881,964	834,945	782,711	680,654
Total revenues	6,170,089	5,643,888	5,017,775	4,573,766	4,479,220	4,194,565	3,883,262	3,531,621	3,131,852	2,771,783
Expenditures:										
Current:										
General government	233,441	199,323	217,869	205,972	197,909	248,079	147,529	202,922	181,996	160,630
Education	1,422,008	983,603	956,799	934,163	891,961	816,402	740,997	693,981	631,146	586,558
Human resources	602,396	543,078	521,613	465,299	510,244	426,150	375,058	350,067	324,843	303,170
Health and mental hygiene	1,265,849	1,131,159	1,025,195	896,743	860,286	769,676	657,604	590,447	531,074	499,348
Transportation	414,230	380,167	330,262[4]	666,070	655,324	619,629	571,347	614,773	565,283	551,004
Public safety and judicial	433,904	317,823	333,387	286,223	270,379	266,028	271,390	207,704	195,347	186,110
Economic and community development	27,172	24,088	21,137	17,238	18,464	13,754	10,719	9,457	8,431	8,548
Natural resources and recreation	73,952	59,259	59,487	53,974	56,238	42,022	44,809	43,577	39,050	37,255
Agriculture	23,341	20,650	18,655	16,662	13,232	9,971	9,162	8,280	6,871	6,439
Personnel and retirement	31,784[6]	505,587	414,860	334,725	333,892	323,618	308,033	260,790	223,781	179,841
Intergovernmental	525,623	513,755	410,436	376,043	466,260	392,772	390,334	[1]	[1]	[1]
Debt service	433,482	425,977	436,328	411,313	315,868	293,895	269,810	283,321	254,561	223,288
Capital outlay	573,053	485,615	595,474[4]	128,424	96,787	70,249	58,801	282,384	306,987	405,440
Total expenditures	6,060,235	5,590,084	5,341,502	4,792,849	4,686,844	4,292,245	3,855,593	3,547,703	3,269,370	3,147,631
Excess (deficiency) of revenues over expenditures	109,854	53,804	(323,727)	(219,083)	(207,624)	(97,680)	27,669	(16,082)	(137,518)	(375,848)
Other sources (uses) of financial resources:										
Proceeds from bond issues	163,200	146,470	473,105	253,880	444,335	162,310	120,000	218,145	498,112	501,493
Operating transfers in	708,527	714,606	201,668	208,341	171,422	166,702	130,081	112,947	57,026	23,804
Operating transfers out	(839,403)	(865,980)	(362,651)	(322,959)	(308,330)	(292,657)	(258,497)	(170,662)	(158,160)	(170,059)
Net other sources (uses) of financial resources	32,324	(4,904)	312,122	139,262	307,427	36,355	(8,416)	160,430	396,978	355,238
Excess (deficiency) of revenues over expenditures and net other sources (uses) of financial resources	142,178	48,900	(11,605)	(79,821)	99,803	(61,325)	19,253	144,348	259,460	(20,610)
Fund balance, July 1	762,463	713,563	717,168	803,584	693,781	742,106	514,366	370,018	110,558	131,168
Adjustments				(6,595)[2]			208,487[2]			
Fund balance, July 1, as restated	762,463	713,563	717,168	796,989	693,781	742,106	722,853	370,018	110,558	131,168
Equity transfers			8,000[5]		10,000	13,000				
Fund balance, June 30	$ 904,641	$ 762,463	$ 713,563	$ 717,168	$ 803,584	$ 693,781	$ 742,106	$ 514,366	$ 370,018	$ 110,558

Source: General Accounting Division, State Comptroller's Office

[1] Intergovernmental expenditures for the years 1976 through 1978 are included in current and capital outlay expenditures.

[2] Certain adjustments were made to fund balances as of July 1, 1978 to present the financial statements for the year ended June 30, 1979 in conformity with generally accepted accounting principles. These adjustments principally consist of adjustments to revenues and expenditures of prior years reported in Budgetary Funds. It is not practicable to adjust the financial statements of prior years to reflect these adjustments.

[3] Effective July 1, 1981, the Maryland Higher Education Loan Corporation's activities were recorded in the enterprise funds and its beginning equity was reclassified from the general fund balance to retained earnings in the enterprise funds.

[4] Effective July 1, 1982, capital outlays for transportation projects are reported in Capital Outlays instead of Transportation.

[5] During 1983 the Lottery returned $8,000,000 to the General Fund. This return of contributed capital has been reported as an equity transfer.

[6] Effective July 1, 1984 fringe benefit costs are allocated to the various governmental functions.

STATE OF MARYLAND

Schedule of Property Tax Levies and Collections

Last Ten Fiscal Years

(Expressed in Thousands)

Fiscal Year	Total Tax Levy	Current Tax Collections	Percentage of Levy Collected	Delinquent Tax Collections	Total Tax Collections	Percentage of Total Tax Collections to Tax Levy	Outstanding Delinquent Taxes	Percentage of Delinquent Taxes to Tax Levy
1985	$101,302	$ 98,706	97.44%	$5,510	$104,216	102.88%	$5,332	5.26%
1984	116,737	111,254	95.30	4,390	115,644	99.06	8,362	7.16
1983	110,224	104,724	95.01	3,899	108,623	98.55	7,269	6.59
1982	101,418	97,200	95.84	1,888	99,088	97.70	5,668	5.59
1981	88,873	86,320	97.13	2,114	88,434	99.51	3,338	3.77
1980	82,777	80,668	97.45	2,183	82,851	100.09	2,899	3.50
1979	72,932	70,978	97.32	1,661	72,639	99.60	2,973	4.08
1978	79,935	77,703	97.21	2,404	80,107	100.22	2,680	3.35
1977	72,365	70,525	97.46	1,617	72,142	99.69	2,852	3.94
1976	59,762	57,891	96.87	1,585	59,476	99.52	2,629	4.40

Source: State Comptroller's Office

STATE OF MARYLAND

Schedule of Assessed and Estimated Actual

Value of Taxable Property

Last Ten Fiscal Years

(Expressed in Thousands)

	Real Property		Personal Property		Total		Ratio of Total Assessed to Total Estimated Actual Value
Fiscal Year	Assessed Value	Estimated Actual Value	Assessed value	Estimated Actual Value	Assessed Value	Estimated Actual Value	
1985	$45,115,407	$103,731,464	$15,717,115	$15,717,115	$60,832,522	$119,448,579	50.9%
1984	41,315,153	93,342,897	15,384,517	15,384,517	56,699,670	108,727,414	52.1
1983	37,955,616	83,173,437	14,270,604	14,270,604	52,226,220	97,444,041	53.6
1982	35,220,079	74,936,338	12,544,327	12,544,327	47,764,406	87,480,665	54.6
1981	32,352,018	68,834,081	11,342,424	11,342,424	43,694,442	80,176,505	54.5
1980	30,912,809	65,771,934	10,290,728	10,290,728	41,203,537	76,062,662	54.2
1979	26,911,027	57,257,504	9,470,369	9,470,369	36,381,396	66,727,873	54.5
1978	25,595,978	51,191,956	9,050,193	9,050,193	34,646,171	60,242,149	57.5
1977	23,222,421	46,444,842	8,170,869	8,170,869	31,393,290	54,615,711	57.5
1976	20,887,037	41,774,074	7,359,135	7,359,135	28,246,172	49,133,209	57.5

Source: *The Thirty-second through the Forty-first Report of the State Department of Assessment and Taxation.*

STATE OF MARYLAND

Schedule of Property Tax Rates–
(Per $100 of Assessed Value)
All Overlapping Governments
Last Ten Fiscal Years

	1985	1984	1983	1982	1981	1980	1979	1978	1977	1976
State of Maryland	$ .21	$ .21	$ .21	$ .21	$ .20	$ .20	$ .23	$ .23	$ .23	$ .21
Subdivisions:										
Allegany	2.56	2.49	2.11	2.21	2.22	2.19	2.35	2.42	2.40	2.40
Anne Arundel	2.68	2.68	2.31	2.46	2.23	2.15	2.15	2.42	2.60	2.30
Baltimore County	3.12	2.99	2.95	2.98	2.93	2.93	2.99	3.05	3.11	3.11
Calvert	1.96	1.96	1.96	1.96	2.00	2.00	2.10	2.30	2.55	2.55
Caroline	2.31	2.16	2.16	2.16	2.16	2.16	2.30	2.38	2.15	2.25
Carroll	2.08	2.04	2.04	2.12	2.12	1.93	2.15	2.40	2.50	2.50
Cecil	2.65	2.65	2.40	2.40	2.40	2.30	2.35	2.50	2.50	2.45
Charles	2.30	2.27	2.17	2.17	2.07	2.14	2.14	2.27	2.42	2.42
Dorchester	2.24	2.24	2.24	2.24	2.29	2.34	2.45	2.59	2.69	2.69
Frederick	2.25	2.25	2.25	2.28	2.28	2.11	2.23	2.40	2.40	2.40
Garrett	2.68	2.83	3.02	3.22	3.31	2.37	2.45	2.63	2.73	2.73
Harford	2.73	2.73	2.55	2.55	2.43	2.41	2.44	2.75	2.97	2.90
Howard	2.54	2.57	2.39	2.45	2.23	2.28	2.43	2.63	2.49	2.44
Kent	2.00	2.00	2.00	2.00	2.00	2.00	2.05	2.34	2.44	2.54
Montgomery	2.06	2.26	2.27	2.27	2.34	2.35	2.60	2.73	2.78	2.83
Prince George's	2.43	2.54	2.63	2.60	2.69	3.04	3.31	3.41	3.37	3.37
Queen Anne's	2.00	2.00	1.94	1.94	1.94	1.44	1.44	1.58	1.80	2.10
Somerset	1.90	1.90	1.80	1.80	1.80	1.80	1.90	1.90	1.90	2.00
St. Mary's	1.99	1.99	1.99	1.99	1.99	2.01	2.15	2.15	2.40	2.55
Talbot	1.18	1.27	1.34	1.42	1.49	1.51	1.69	1.75	1.91	2.00
Washington	2.05	1.98	1.98	2.07	2.19	2.21	2.46	2.50	2.60	2.60
Wicomico	1.78	1.78	1.78	1.78	1.78	1.70	1.60	1.73	1.90	1.90
Worcester	1.51	1.51	1.55	1.59	1.53	1.38	1.60	1.60	1.65	1.75
Baltimore City	6.00	5.99	5.96	5.97	5.93	5.94	5.97	5.99	5.88	6.02

Source: *The Thirty-second through the Forty-first Report of the State Department of Assessment and Taxation.*

STATE OF MARYLAND

Schedule of Ratio of General Long-Term Debt
To Assessed Value and General Long-Term Debt Per Capita
Last Ten Fiscal Years

Fiscal Year	(Expressed in Thousands) Estimated Population[1]	Assessed Value[1]	General Long-term Debt[2][3]	Ratio of General Long-term Debt to Assessed Value	General Long-ter . Debt per Capita
1985	4,388	$60,832,522	$3,027,555	4.98%	$690
1984	4,354	56,699,670	3,090,800	5.45	710
1983	4,319	52,226,220	3,167,090	6.06	733
1982	4,265	47,764,406	2,952,610	6.18	692
1981	4,216	43,694,442	2,943,560	6.74	698
1980	4,193	41,203,537	2,669,365	6.48	637
1979	4,149	36,381,396	2,669,310	7.34	643
1978	4,148	34,646,171	2,684,455	7.74	647
1977	4,139	31,393,290	2,595,449	8.27	627
1976	4,125	28,246,172	2,224,069	7.87	539

[1] Source: *Forty-first Report of the State Department of Assessments and Taxation,* dated January 1985. Amounts shown are the State's assessable base only.

[2] Source: State Comptroller's Office

[3] Includes all long-term general obligation and transportation bonds.

STATE OF MARYLAND

Schedule of Ratio of Annual Debt Service for General Long-Term Debt to Total General Expenditures Last Ten Fiscal Years

Fiscal Year	(Expressed in Thousands) Principal	Interest	Total Debt Service	Total General Expenditures[2]	Ratio of Debt Service to General Expenditures (Percent)
1985	$226,445	$207,037	$433,482	$5,618,058	7.72%
1984	228,760	197,217	425,977	5,255,843	8.10
1983	192,625[1]	183,703[1]	376,328	4,907,011	7.67
1982	184,830[1]	166,483[1]	351,313	4,719,043	7.44
1981	173,015	142,853	315,868	4,726,965	6.68
1980	159,985	133,910	293,895	4,198,951	7.00
1979	133,969	135,841	269,810	3,766,208	7.16
1978	149,739	133,582	283,321	3,323,034	8.53
1977	135,380	119,181	254,561	3,063,517	8.31
1976	119,673	103,615	223,288	2,888,446	7.73

[1] Excludes $60,000,000 of Bond Anticipation Notes for the Department of Transportation, which were refinanced in fiscal year 1983 and 1982, respectively.

[2] Total general governmental expenditures plus net operating transfers less capital outlays.

Source: General Accounting Division, State Comptroller's Office

STATE OF MARYLAND

Schedule of Revenue Bond Coverage Last Seven Fiscal Years

(Expressed in Thousands)

	MARYLAND TRANSPORTATION AUTHORITY						
Fiscal Year	Gross Revenues	Direct Operating Expenses	Net Revenue Available For Debt Service	Debt Service Requirements Principal	Interest	Total	Coverage
1985	$74,343	$20,794	$53,549	$1,105	$7,709	$8,814	6.08%
1984	71,549	18,950	52,599	1,035	7,764	8,799	5.98
1983	67,411	17,759	49,652	970	7,815	8,785	5.65
1982	65,014	16,713	48,301	905	7,861	8,766	5.51
1981	63,797	15,436	48,361	850	7,903	8,753	5.53
1980	60,763	13,597	47,166	795	7,941	8,736	5.40
1979[1]	50,591	11,073	39,518	745	7,975	8,720	4.53

[1] Presented for the period August 24, 1978 through June 30, 1979, the period since the operations of its transportation facilities were combined.
Source: Maryland Transportation Authority.

STATE OF MARYLAND
Schedule of Taxes Pledged to Consolidated Transportation Bonds and Net Revenues as Defined for Purposes of Consolidated Transportation Bonds Coverage Tests
Last Nine Fiscal Years
(Expressed in Thousands)[1][2]

	Year ended June 30,								
	1985	1984	1983	1982	1981	1980	1979	1978	1977
Revenues:									
Taxes and fees									
Taxes pledged to bonds	$403,372	$375,075	$297,593	$245,732	$236,588	$216,428	$227,546	$216,734	$189,864
Other taxes and fees	118,161	126,861	106,944	102,956	105,680	59,926	61,094	59,211	56,801
Total taxes and fees	521,533	501,936	404,537	348,688	342,268	276,354	288,640	275,945	246,665
Operating revenues	126,421	121,409	100,291	96,548	87,912	80,073	67,463	61,368	54,978
Investment income	16,812	12,785	6,431	21,261	10,308	3,616	5,682	7,568	6,245
Other	3,822	4,056	1,449	971	1,046	1,299	796	670	776
Transfer Maryland Transportation Authority					10,000	13,000			
Total revenues	668,588	640,186	512,708	467,468	451,534	374,342	362,581	345,551	308,664
Administration, operation, and maintenance expenditures	379,563	345,469	319,923	280,561	258,906	221,438	192,828	170,235	154,788
Less federal funds	(21,245)	(20,274)	(19,221)	(30,394)	(35,160)	(16,288)	(24,191)	(11,973)	(20,386)
Total	358,318	325,195	300,702	250,167	223,746	205,150	168,637	158,262	134,402
Net revenues	$310,270	$314,991	$212,006	$217,301	$227,788	$169,192	$193,944	$187,289	$174,262
Maximum annual principal and interest requirements	$ 46,084	$ 53,008	$ 53,008	$ 50,325	$ 50,894	$ 49,216	$ 53,065	$ 55,041	$ 55,041
Ratio of net revenues to maximum annual principal and interest requirements	6.73	5.94	4.00	4.32	4.48	3.44	3.65	3.40	3.17
Ratio of taxes pledged to bonds to maximum annual principal and interest requirements	8.75	7.08	5.61	4.88	4.65	4.40	4.29	3.94	[3]

Source: The Secretary's Office of the Department of Transportation.

[1] Under the terms of the bond authorizing resolutions, additional Consolidated Transportation Bonds may be issued, provided, among other conditions, that (i) total receipts, less administration, operation and maintenance expenditures for the preceding fiscal year equal at least two times maximum annual debt service on all Consolidated Transportation Bonds outstanding and to be issued and any then outstanding Maryland Port Authority Loans and that (ii) total proceeds from pledged taxes equal at least two times maximum annual debt service on all Consolidated Transportation Bonds outstanding and to be issued and any then outstanding Maryland Port Authority Loans.

[2] Information is not available prior to 1977.

[3] The terms of the bond authorizing resolutions did not include this bond's coverage testing during 1977.

STATE OF MARYLAND
Schedule of Demographic Statistics
Last Ten Fiscal Years

Fiscal Year	Population[1]	Per Capita Income[2]	School Enrollment[3]	Unemployment Rate[4]
1985	4,387,900	N/A	874,540	4.4%
1984	4,354,000	$14,121	888,428	5.8
1983	4,319,000	12,994	909,418	8.0
1982	4,265,000	12,237	925,622	8.4
1981	4,216,000	11,533	950,548	7.3
1980	4,193,000	10,385	971,236	6.5
1979	4,149,000	9,319	1,000,435	5.9
1978	4,148,000	8,419	1,028,402	5.6
1977	4,139,000	7,546	1,040,163	6.1
1976	4,125,000	6,981	1,053,859	6.8

Sources:
[1] U.S. Department of Commerce, Bureau of Census
[2] U.S. Department of Commerce, Bureau of Economic Analysis
[3] State Departments of Education and Higher Education
[4] State Department of Human Resources
N/A Not available at this date.

STATE OF MARYLAND

Schedule of Property Value and Bank Deposits

Last Ten Fiscal Years

(Expressed in Thousands)

Fiscal Year	Bank Deposits[1]	Property Value[2]			
		Commercial	Residential	Agricultural	Nontaxable
1985	N/A	$25,326,427	$75,323,707	$3,081,330	$22,602,093
1984	$19,874,912	22,787,607	67,645,737	2,909,553	20,992,266
1983	15,879,000	20,438,543	60,083,363	2,714,094	19,489,301
1982	13,831,000	18,742,865	53,639,482	2,553,991	16,868,085
1981	13,462,000	17,348,890	49,036,259	2,448,932	16,808,511
1980	12,727,000	16,929,467	46,452,163	2,390,304	15,235,589
1979	11,703,000	15,119,637	39,887,306	2,250,561	14,539,843
1978	10,926,000	14,253,287	34,893,405	2,045,264	12,577,964
1977	10,100,000	12,565,388	31,910,960	1,968,494	11,820,176
1976	9,033,000	11,175,924	28,750,184	1,847,966	10,693,722

Sources:
[1] First National Bank of Maryland
[2] State Department of Assessments and Taxation.
N/A Not available at this date.

STATE OF MARYLAND

Schedule of Miscellaneous Statistics

June 30, 1985

Date of Ratification	1788
Form of government	Legislative – Executive – Judicial
Miles of State Highways	5,241
Land Area	9,874
State Police Protection:	
Number of Stations	22
Number of State police	1,599
Higher Education (Universities, Colleges and Community Colleges):	
Number of campuses in State	32
Number of educators	6,655
Numbers of students	231,401
Recreation:	
Number of State Parks	44
Area of State Parks	81,796 acres
Forest	107,931 acres
Employees	82,817

Source: General Accounting Division, State Comptroller's Office

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